

Law Offices

March 6, 2015

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**By ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

CALIFORNIA

DELAWARE

ILLINOIS

NEW JERSEY

NEW YORK

PENNSYLVANIA

WASHINGTON D.C.

WISCONSIN

RE: *Rates for Interstate Inmate Calling Services*  
**WC Docket No. 12-375**

Dear Ms. Dortch:

Pursuant to Section 1.1206(b) of the FCC's rules, Martha Wright, *et al.* (the "Petitioners") hereby submits the following information in response to the Comments filed by the Arizona Department of Corrections (ADOC) on December 31, 2014 in this proceeding.<sup>1</sup> The ADOC made several statements regarding the state "special services fund" (the "Fund") and how the Fund is used for the benefit of inmates.

In particular, the ADOC stated that the Fund contains "proceeds and commissions from ICS to pay for inmate education and programs."<sup>2</sup> Further, the ADOC asserted that "allocating more funds to inmate education, community college partnerships, work programs, and substance abuse programs better serves the inmates and the community in which they reintegrate upon release."<sup>3</sup> The ADOC asserted that "the cumulative budgetary impact of the proposed rule limiting or prohibiting site commissions on ICS would be significant for ADC, and not readily absorbed by current allocated funds."<sup>4</sup> The ADOC noted that it is "statutorily mandated to use revenue from inmate phone calls for the direct benefit of the inmate population."<sup>5</sup> The ADOC concluded by stating that reduced ICS rates would lead to "reduced educational and job training opportunities...[which would]...have potentially life-altering negative impacts on inmates and their families, not to mention public safety in the community."<sup>6</sup>

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1 *Comments of The Arizona Department of Corrections*, filed December 31, 2014.

2 *Id.*, pg. 1.

3 *Id.*

4 *Id.*, pg. 2

5 *Id.*, pg. 3.

6 *Id.*

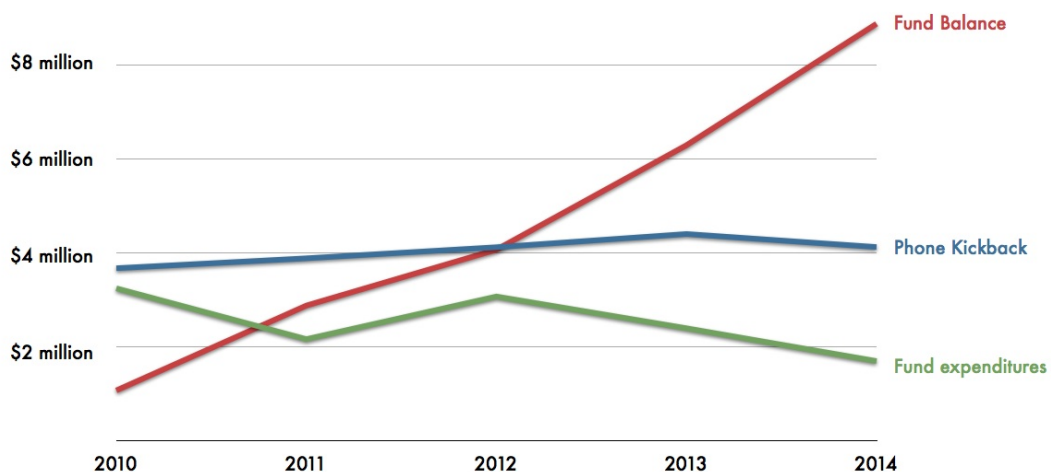
In light of these dire warnings that the reduction of ICS rates would cause such an impact in Arizona, the Petitioners obtained the Fund reports that are sent to the Arizona legislature each year. Copies of the 2010 through 2014 annual reports are attached hereto as Exhibit A.

A brief review of the reports reflect that the ADOC’s alarmist concerns are entirely misplaced. First, it should be noted that expenditures for “inmate education and programs” actually dropped between the years of 2010 and 2014, from \$3,245,333 in 2010 to just \$1,695,119 in 2014. These expenditures include a statutory withdrawal of at least \$500,000 for a building fund, which further reduces the amount used in 2014 for “inmate education and programs.”

While expenditures for “inmate education and programs” were substantially reduced, the amount of revenue earned by the ADOC from its ICS contract steadily increased. In particular, the ADOC received \$3,673,173 in 2010, and received in \$4,124,033 in 2014. In 2013, the ADOC received \$4,401,853 in kickbacks from the state ICS provider.

With the reduction of expenditures for “inmate education and programs,” and the increase in ICS kickbacks from the ICS provider, the Fund’s balance has ballooned. In 2010, the Fund’s end of the year balance was \$1,070,101, meaning that the ADOC received an excess of \$1,070,101 in kickbacks than what it spent on “inmate education and programs.” In 2011, the end of the year balance had more than doubled to \$2,878,384, and in 2012, the end of the year balance had increased to \$4,068,893. By the end of 2014, the unused balance in the Fund mandated by state law to be used exclusively for “inmate education and programs” had grown to \$8,879,364. The following chart illustrates these divergent paths:

Arizona Department of Corrections “Special Services Fund”, 2010-2014



Data source: ADOC’s Special Services Fund Annual Reports

Thus, it should be clear from this information that the ADOC's warning that a reduction in ICS rates would not be "readily absorbed by current allocated funds" is simply incorrect.

If ADOC never received another dime in kickbacks, it would have sufficient funds to cover its "inmate education and programs" (and building fund) for at least five years before the Fund's reserves were extinguished. As it stands now, the ADOC receives \$3,000,000 more in kickbacks than what is spent on "inmate education and programs" each year, and the ADOC has failed to provide any specific information as to how the reduction in ICS rates would impact the state special services fund.

It should be noted that the Petitioners have not supported the FCC's adoption of rules to eliminate kickbacks. Given the lack of accurate information supplied by correctional facilities, which has prevented the ascertainment of whether the dire and, as illustrated herein, overblown, fears expressed by correctional authorities accurately reflect genuine concerns, the Petitioners have urged the FCC to focus on its clear authority to regulate ICS rates, and permit the ICS providers and correctional authorities to divvy up the ICS revenues as they see fit. The ADOC is certainly permitted to develop policies that are tailored to its communities. However, what the ADOC should not be permitted to do is raise unfounded and untrue concerns that are intended solely to mislead the FCC.

Should there be any questions regarding this submission, please contact undersigned counsel.

Respectfully submitted,



Lee G. Petro

**DRINKER BIDDLE & REATH LLP**  
1500 K Street N.W., Suite 1100  
Washington, DC 20005-1209  
202-230-5857 - Telephone  
202-842-8465 - Telecopier

*Counsel for Martha Wright, et al.*

Attachments

**EXHIBIT A**

# Arizona Department of Corrections



JANICE K. BREWER  
GOVERNOR

1801 WEST JEFFERSON  
PHOENIX, ARIZONA 85007  
(602) 542-8487  
[www.azcorrections.gov](http://www.azcorrections.gov)



CHARLES L. RYAN  
DIRECTOR

July 30, 2010

The Honorable Robert Burns, President  
Arizona State Senate  
1700 West Washington  
Phoenix, Arizona 85007

Dear President Burns:

Arizona Revised Statute § 41.1604.03 requires an annual report containing a full and complete account of special services fund transactions relating to the inmate telephone system and the telephonic victim notification system for the preceding fiscal year. I am pleased to provide the report for Fiscal Year 2010.

Should you have any questions regarding our submission, kindly contact me at (602) 542-5225 or Michael P. Kearns, Division Director, Administrative Services Division, at (602) 542-1160.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles L. Ryan".

Charles L. Ryan  
Director

CLR/MPK/cv

Enclosures

# Arizona Department of Corrections



JANICE K. BREWER  
GOVERNOR

1801 WEST JEFFERSON  
PHOENIX, ARIZONA 85007  
(602) 542-5487  
www.azcorrections.gov



CHARLES L. RYAN  
DIRECTOR

July 30, 2010

The Honorable Kirk Adams, Speaker  
Arizona House of Representatives  
1700 West Washington  
Phoenix, Arizona 85007

Dear Speaker Adams:

Arizona Revised Statute § 41.1604.03 requires an annual report containing a full and complete account of special services fund transactions relating to the inmate telephone system and the telephonic victim notification system for the preceding fiscal year. I am pleased to provide the report for Fiscal Year 2010.

Should you have any questions regarding our submission, kindly contact me at (602) 542-5225 or Michael P. Kearns, Division Director, Administrative Services Division, at (602) 542-1160.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles L. Ryan".

Charles L. Ryan  
Director

CLR/MPK/cv

Enclosures

## **SPECIAL SERVICES FUND**

---

### **Establishment of Fund and Annual Report**

A.R.S. § 41.1604.03 requires that the Arizona Department of Corrections (ADC) establish a special services fund and submit an annual report to the President of the Senate and to the Speaker of the House of Representatives, regarding special services fund transactions relating to the inmate telephone system and the telephonic victim notification system.

### **Funding Sources**

A primary funding source of the special services fund (commonly known as the inmate activities and recreation fund) is the inmate telephone system. This system, which is used by inmates for their personal phone calls, is a prepaid or collect-call system. The contracted long-distance telephone service provider allocates a portion of the revenues generated by these calls to the Arizona Department of Corrections. ADC deposits these revenues in the special services fund.

### **Fund Uses**

The special services fund is used to purchase items and services for the "benefit, education and welfare of committed offenders," and to pay the costs of a telephonic victim notification system.

This packet contains the following information:

- Enclosure A shows the FY 2010 commissions generated by the inmate telephone system and the expenditures charged against these commissions.
- Enclosure B details the expenditures listed in Enclosure A.
- Enclosure C details projected expenditures for FY 2011.

**ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FUND  
TELEPHONE COMMISSION AND EXPENDITURES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>COMMISSION INMATE TELEPHONE SYSTEM</b>	
<b>Prior Year Ending Balance</b>	<b>\$518,024.19</b>
<b>Fiscal Year 2010 - Commissions from Inmate Telephone Contract Revenue</b>	<b>\$3,673,173.64</b>
<b>Fiscal Year 2010 - Interest Earned</b>	<b>\$124,236.27</b>
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$4,315,434.10</b>
<b>EXPENDITURES CHARGED AGAINST COMMISSION FROM THE INMATE TELEPHONE SYSTEM</b>	
Paralegal	\$151,673.67
Law Library	\$171,336.32
Community Colleges (Work Based Education)	\$1,621,647.49
General Education Diploma Testing	\$114,848.67
Supplies	\$10,835.67
Miscellaneous	\$59,034.24
Transfer Phone Commissions to Private Prisons	\$220,000.00
Transferred to General Fund	\$729,200.00
WBE Equipment	\$557.49
Transfer Out	\$166,199.54
<b>TOTAL FUNDS EXPENDED</b>	<b>\$3,245,333.09</b>
<b>BALANCE</b>	<b>\$1,070,101.01</b>

† As stated in the FY 2007 report, the VINE contract expired and was not renewed. The ADC Victim Services Bureau has assumed responsibility for the victim notification process.

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**ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FUND  
DETAILS REGARDING  
TELEPHONE COMMISSION AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>Paralegals</b>		
	The Department ensures that all inmates have direct access to the courts in all legal claims involving direct appeals from the conviction for which they are incarcerated, habeas petitions, civil rights actions, or conditions of confinement. The Department facilitates this access by providing paralegal services to all inmates.	\$151,673.67
<b>Law Library</b>		
	The Department provides law library supplies to inmates.	\$171,336.32
<b>Community Colleges (Work Based Education)</b>		
	Inmate education contract due to general fund appropriation shortage.	\$1,621,647.49
<b>General Education Diploma Testing</b>		
	Program Services Division transfer of testing expenditures.	\$114,848.67
<b>Supplies</b>		
	Printing expenses for Inmate Trust Account	\$10,835.67
<b>Miscellaneous</b>		
	Carondolet Health Care – Inmate Assault Medical Care	\$59,034.24
<b>Transfer to Private Prisons</b>		
	Distribution of phone commissions to The GEO Group for Central Arizona Correctional Facility, ASP-Florence West and ASP-Phoenix-West, and to Management Training Corporation for ASP-Kingman and APS-Marana	\$220,000.00
<b>Transfers to General Fund</b>		
	Transfers of funds to the General Fund per legislation	\$729,200.00
<b>WBE Equipment</b>		
	Purchases of equipment for the Work based Education program	\$557.49
<b>Transfers Out</b>		
	Transfers to Institutional A&R Funds	\$166,199.54
<b>Total Expenditures</b>		<b>\$3,245,333.09</b>

**ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FUND  
TELEPHONE COMMISSION AND EXPENDITURES**

**PROJECTED BUDGET FOR FY11**

<b>INMATE TELEPHONE SYSTEM COMMISSION AND OTHER REVENUES</b>	
<b>Fiscal Year 2011 – Beginning Balance</b>	<b>\$1,070,100</b>
Interest (Earned throughout the year)	<b>\$30,000</b>
Inmate Telephone	<b>\$3,700,000</b>
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$4,800,100</b>
<b>EXPENDITURES CHARGED AGAINST THE INMATE TELEPHONE SYSTEM COMMISSION AND OTHER REVENUES</b>	
<b>FY10 Unpaid Obligations</b>	<b>\$400,000</b>
Paralegals	<b>\$180,000</b>
Law Library	<b>\$170,000</b>
Community Colleges (Work Based Education)	<b>\$2,600,000</b>
General Education Diploma Testing	<b>\$180,000</b>
Intake Test of Adult Basic Education (TABE)	<b>\$100,000</b>
Supplies	<b>\$10,000</b>
Assault Reimbursement	<b>\$350,000</b>
Inmate Closed Circuit Television Upgrades	<b>\$300,000</b>
Transfer Phone Revenue Earned by Private Prisons	<b>\$400,000</b>
<b>TOTAL FUNDS EXPENDED</b>	<b>\$4,670,000</b>
<b>Balance:</b>	<b>\$130,100</b>

# Arizona Department of Corrections



JANICE K. BREWER  
GOVERNOR

1801 WEST JEFFERSON  
PHOENIX, ARIZONA 85007  
(602) 542-5497  
[www.azcorrections.gov](http://www.azcorrections.gov)



CHARLES L. RYAN  
DIRECTOR

July 29, 2011

The Honorable Andy Tobin, Speaker  
Arizona House of Representatives  
1700 West Washington  
Phoenix, Arizona 85007

Dear Speaker Tobin:

Arizona Revised Statute § 41.1604.03 requires an annual report containing a full and complete account of special services fund transactions relating to the inmate telephone system and the telephonic victim notification system for the preceding fiscal year. I am pleased to provide the report for Fiscal Year 2011.

Should you have any questions regarding our submission, kindly contact me at (602) 542-5225 or Sheryl R. Bodmer, Chief Financial Officer, Administrative Services Division, at (602) 364-3371.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles L. Ryan".

Charles L. Ryan  
Director

Enclosures

# Arizona Department of Corrections



JANICE K. BREWER  
GOVERNOR

1801 WEST JEFFERSON  
PHOENIX, ARIZONA 85007  
(602) 642-6487  
[www.azcorrections.gov](http://www.azcorrections.gov)



CHARLES L. RYAN  
DIRECTOR

July 29, 2011

The Honorable Russell Pearce, President  
Arizona State Senate  
1700 West Washington  
Phoenix, Arizona 85007

Dear President Pearce:

Arizona Revised Statute § 41.1604.03 requires an annual report containing a full and complete account of special services fund transactions relating to the inmate telephone system and the telephonic victim notification system for the preceding fiscal year. I am pleased to provide the report for Fiscal Year 2011.

Should you have any questions regarding our submission, kindly contact me at (602) 542-5225 or Sheryl R. Bodmer, Chief Financial Officer, Administrative Services Division, at (602) 364-3371.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles L. Ryan".

Charles L. Ryan  
Director

Enclosures

## **SPECIAL SERVICES FUND**

### Establishment of Fund and Annual Report

A.R.S. § 41.1604.03 requires that the Arizona Department of Corrections (ADC) establish a special services fund and submit an annual report to the President of the Senate and to the Speaker of the House of Representatives, regarding special services fund transactions relating to the inmate telephone system and the telephonic victim notification system.

### Funding Sources

A primary funding source of the special services fund (commonly known as the inmate activities and recreation fund) is the inmate telephone system. This system, which is used by inmates for their personal phone calls, is a prepaid or collect-call system. The contracted long-distance telephone service provider allocates a portion of the revenues generated by these calls to the Arizona Department of Corrections. ADC deposits these revenues in the special services fund.

### Fund Uses

The special services fund is used to purchase items and services for the "benefit, education and welfare of committed offenders," and to pay the costs of a telephonic victim notification system.

This packet contains the following information:

- Enclosure A shows the FY 2011 commissions generated by the inmate telephone system and the expenditures charged against these commissions.
- Enclosure B details the expenditures listed in Enclosure A.
- Enclosure C details projected expenditures for FY 2012.

ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FU  
TELEPHONE COMMISSION AND EXPENDITURES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

COMMISSION FROM THE INMATE TELEPHONE SYSTEM	
Prior Year Ending Balance	\$1,070,101.01
Fiscal Year 2011 – Commissions from Inmate Telephone Contrace Revenue	\$3,884,803.11
Fiscal Year 2011 – Interest Earned	\$85,708.51
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$5,040,612.63</b>
EXPENDITURES CHARGED AGAINST COMMISSION FROM THE INMATE TELEPHONE SYSTEM	
Paralegal	\$171,077.45
Law Library	\$124,650.09
Community Colleges (Work Based Education)	\$2,151,059.09
General Education Diploma Testing	\$17,853.88
Supplies	\$3,702.46
Miscellaneous	0
Transfer Phone Commissions to Private Prisons	\$50,000.00
Transfer from Private Prisons	(\$402,611.60)
Transferred to General Fund	0
Intake Test of Adult Basic Education (TABE)	\$46,496.91
Work Based Education Equipment	0
Transfer Out	0
<b>TOTAL FUNDS EXPENDED</b>	<b>\$2,162,228.28</b>
<b>BALANCE</b>	<b>\$2,878,384.35</b>

\*As stated in the FY 2007 report, the VINE contract expired and was not renewed. The ADC Victim Services Bureau has assumed responsibility of the victim notification process.

ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FUND  
DETAILS REGARDING  
TELEPHONE COMMISSION AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Paralegals**

The Department ensures that all inmates have direct access to the courts in all legal claims involving direct appeals from the conviction for which they are incarcerated, habeas petitions, civil rights actions, or conditions of confinement. The Department facilitates this access by providing paralegal services to all inmates. \$171,077.45

**Law Library**

The Department provides law library supplies to inmates. \$124,650.09

**Community Colleges (Work Based Education)**

Inmate education contract due to general fund appropriation shortage. \$2,151,059.09

**General Education Diploma Testing**

Program Services Division transfer of testing expenditures. \$17,853.88

**Supplies**

Printing expenses for Inmate Trust Account \$3,702.46

**Miscellaneous**

0

**Transfer to Private Prisons**

Distribution of phone commissions to Management Training Corporation for ASP-Kingman. \$50,000.00

**Transfer from Private Prisons**

Return of funds from close out of Diamondback, OK (\$400,065.41) and transfer of funds from Great Plains, OK (\$2,546.19) (\$402,611.60)

**Intake Test of Adult Basic Education (TABE)**

Classification testing during initial Department intake \$46,496.91

**WBE Equipment**

Purchase of equipment for the Work Based Education program 0

**Transfers Out**

Transfers to institutional A&R Funds 0

**Transfers to General Fund**

Transfers to the General Fund per legislation 0

**Total Expenditures** **\$2,162,228.28**

**ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FUND  
TELEPHONE COMMISSION AND EXPENDITURES**

**PROJECTED BUDGET FOR FY12**

INMATE TELEPHONE COMMISSION AND OTHER REVENUES	
Fiscal Year 2012 – Beginning Balance	\$2,878,000
Interest (Earned throughout the year)	\$75,000
Inmate Telephone	\$3,600,000
<b>TOTAL</b>	<b>\$6,553,000</b>
EXPENDITURES CHARGED AGAINST THE INMATE TELEPHONE SYSTEM COMMISSION AND OTHER REVENUES	
FY11 Unpaid Obligations	\$6,000
Paralegals	\$200,000
Law Library	\$130,000
Community Colleges (Work Based Education)	\$3,000,000
General Education Diploma Testing	\$25,000
Intake Test of Adult Basic Education (TABE)	\$60,000
Supplies	\$5,000
Eagle Point Electrical Upgrade	\$250,000
Assault Reimbursement	\$300,000
Transfer to Private Prisons	\$450,000
Transfer to General Fund	\$500,000
<b>TOTAL</b>	<b>\$4,926,000</b>
<b>Balance:</b>	<b>\$1,627,000</b>



# Arizona Department of Corrections



JANICE K. BREWER  
GOVERNOR

1801 WEST JEFFERSON  
PHOENIX, ARIZONA 85007  
(602) 542-5487  
[www.azcorrections.gov](http://www.azcorrections.gov)



CHARLES L. RYAN  
DIRECTOR

October 3, 2012

The Honorable Andy Tobin, Speaker  
Arizona House of Representatives  
1700 West Washington  
Phoenix, Arizona 85007

Dear Speaker Tobin:

Pursuant to Arizona Revised Statute § 41.1604.03, enclosed is the annual report for FY 2012 of the Special Services Fund, relating to the inmate telephone system and the telephonic victim notification system. The report is due August 1 of each year. We apologize for the delay of the report.

Should you have any questions regarding our submission, kindly contact me at (602) 542-5225 or Sheryl R. Bodmer, Chief Financial Officer, Administrative Services Division, at (602) 364-3371.

Sincerely,

  
Charles L. Ryan  
Director

Enclosures

## **SPECIAL SERVICES FUND**

---

### **Establishment of Fund and Annual Report**

A.R.S. § 41.1604.03 requires that the Arizona Department of Corrections (ADC) establish a special services fund and submit an annual report to the President of the Senate and to the Speaker of the House of Representatives, regarding special services fund transactions relating to the inmate telephone system and the telephonic victim notification system.

### **Funding Sources**

A primary funding source of the special services fund (commonly known as the inmate activities and recreation fund) is the inmate telephone system. This system, which is used by inmates for their personal phone calls, is a prepaid or collect-call system. The contracted long-distance telephone service provider allocates a portion of the revenues generated by these calls to the Arizona Department of Corrections. ADC deposits these revenues in the special services fund.

### **Fund Uses**

The special services fund is used to purchase items and services for the "benefit, education and welfare of committed offenders," and to pay the costs of a telephonic victim notification system.

This packet contains the following information:

- Enclosure A shows the FY 2012 commissions generated by the inmate telephone system and the expenditures charged against these commissions.
- Enclosure B details the expenditures listed in Enclosure A.
- Enclosure C details projected expenditures for FY 2013.

ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FU  
TELEPHONE COMMISSION AND EXPENDITURES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<b>COMMISSION INMATE TELEPHONE SYSTEM</b>	
Prior Year Ending Balance	\$2,878,384.35
Fiscal Year 2012 – Commissions from Inmate Telephone Contrace Revenue	\$4,120,893.95
Fiscal Year 2012 – Interest Earned	\$135,325.29
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$7,134,603.59</b>
<b>EXPENDITURES CHARGED AGAINST COMMISSION FROM THE INMATE TELEPHONE SYSTEM</b>	
Paralegal	\$152,823.75
Law Library	\$85,328.04
Community Colleges (Work Based Education)	\$2,259,489.67
General Education Diploma Testing	\$16,003.96
Supplies	\$8421.77
Transferred to Building Renewal Fund	\$500,000.00
Intake Test of Adult Basic Education (TABE)	\$48,643.29
<b>TOTAL FUNDS EXPENDED</b>	<b>\$3,070,710.48</b>
<b>BALANCE</b>	<b>\$4,063,893.11</b>

\*As stated in the FY 2007 report, the VINE contract expired and was not renewed. The ADC Victim Services Bureau has assumed responsibility of the victim notification process.

ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FUND  
DETAILS REGARDING  
TELEPHONE COMMISSION AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Paralegals**

The Department ensures that all inmates have direct access to the courts in all legal claims involving direct appeals from the conviction for which they are incarcerated, habeas petitions, civil rights actions, or conditions of confinement. The Department facilitates this access by providing paralegal services to all inmates. \$152,823.75

**Law Library**

The Department provides law library supplies to inmates. \$85,328.04

**Community Colleges (Work Based Education)**

Inmate education contract due to general fund appropriation shortage. \$2,259,489.67

**General Education Diploma Testing**

Program Services Division transfer of testing expenditures. \$16,003.96

**Supplies**

Printing expenses for Inmate Trust Account \$8,421.77

**Intake Test of Adult Basic Education (TABE)**

Classification testing during initial Department intake \$48,643.29

**Transfers to Building Renewal Fund**

Transfers to the Building Renewal Fund per legislation \$500,000.00

**Total Expenditures****\$3,070,710.48**

**ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FUND  
TELEPHONE COMMISSION AND EXPENDITURES**

**PROJECTED BUDGET FOR FY13**

<b>INMATE TELEPHONE SYSTEM COMMISSION AND OTHER REVENUES</b>	
Fiscal Year 2013 – Beginning Balance	\$4,064,000
Interest (Earned throughout the year)	\$135,000
Inmate Telephone	\$4,121,000
<b>TOTAL</b>	<b>\$8,320,000</b>
<b>EXPENDITURES CHARGED AGAINST THE INMATE TELEPHONE SYSTEM COMMISSION AND OTHER REVENUES</b>	
Paralegals	\$200,000
Law Library	\$130,000
Community Colleges (Work Based Education)	\$3,200,000
General Education Diploma Testing	\$150,000
Intake Test of Adult Basic Education (TABE)	\$60,000
Special Projects & Unpaid FY12	\$350,000
Supplies/Release Cards	\$115,000
Transfer to Private Prisons	\$200,000
Transfer to Building Renewal and Preventive Maintenance Fund	\$500,000
<b>TOTAL</b>	<b>\$4,905,000</b>
<b>Balance:</b>	<b>\$3,415,000</b>

# Arizona Department of Corrections



JANICE K. BREWER  
GOVERNOR

1601 WEST JEFFERSON  
PHOENIX, ARIZONA 85007  
(602) 542-5497  
www.azcorrections.gov



CHARLES L. RYAN  
DIRECTOR

July 26, 2013

The Honorable Andy Biggs, President  
Arizona State Senate  
1700 West Washington  
Phoenix, Arizona 85007

Dear President Biggs:

Arizona Revised Statute § 41.1604.03 requires an annual report containing a full and complete account of special services fund transactions relating to the inmate telephone system and the telephonic victim notification system for the preceding fiscal year. I am pleased to provide the report for Fiscal Year 2013.

Should you have any questions regarding our submission, kindly contact me at (602) 542-5225 or Sheryl R. Bodmer, Chief Financial Officer, Administrative Services Division, at (602) 364-3371.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles L. Ryan".

Charles L. Ryan  
Director

CLR/MKP/sb

Enclosures

cc: The Honorable Don Shooter, Arizona State Senate  
The Honorable John Kavanagh, Arizona House of Representatives  
John Arnold, Director, Governor's Office of Strategic Planning and Budgeting  
Richard Stavneak, Director, Joint Legislative Budget Committee  
Sheryl Bodmer, ADC Chief Financial Officer

## **SPECIAL SERVICES FUND**

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### **Establishment of Fund and Annual Report**

A.R.S. § 41.1604.03 requires that the Arizona Department of Corrections (ADC) establish a special services fund and submit an annual report to the President of the Senate and to the Speaker of the House of Representatives, regarding special services fund transactions relating to the inmate telephone system and the telephonic victim notification system.

### **Funding Sources**

A primary funding source of the special services fund (commonly known as the inmate activities and recreation fund) is the inmate telephone system. This system, which is used by inmates for their personal phone calls, is a prepaid or collect-call system. The contracted long-distance telephone service provider allocates a portion of the revenues generated by these calls to the Arizona Department of Corrections. ADC deposits these revenues in the special services fund.

### **Fund Uses**

The special services fund is used to purchase items and services for the benefit, education and welfare of committed offenders.

This packet contains the following information:

- Enclosure A shows the FY 2013 commissions generated by the inmate telephone system and the expenditures charged against these commissions.
- Enclosure B details the expenditures listed in Enclosure A.
- Enclosure C details projected expenditures for FY 2014.

ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FU  
TELEPHONE COMMISSION AND EXPENDITURES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<b>COMMISSION</b>	
<b>INMATE TELEPHONE SYSTEM</b>	
Prior Year Ending Balance	\$4,063,893.11
Fiscal Year 2013 – Commissions from Inmate Telephone Contract Revenue	\$4,401,853.80
Transfer from Private Prisons	\$91,551.20
Fiscal Year 2013 – Interest Earned	\$130,686.66
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$8,687,984.77</b>
<b>EXPENDITURES CHARGED AGAINST</b>	
<b>COMMISSION FROM THE INMATE TELEPHONE SYSTEM</b>	
Paralegal	\$127,954.40
Law Library	\$87,129.96
Community Colleges (Work Based Education)	\$1,371,813.51
General Education Diploma (GED)	\$33,700.91
Test Adult Basic Education (TABE)-Intake	\$66,322.30
ITA Debit Card Charges	\$48,943.50
Inmate Trust Account Supplies	\$7,438.93
Building Renewal Fund	\$500,000.00
Complex Projects	\$151,446.83
<b>TOTAL FUNDS EXPENDED</b>	<b>\$2,394,750.34</b>
<b>BALANCE</b>	
	<b>\$6,293,234.43</b>



ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FUND  
DETAILS REGARDING  
TELEPHONE COMMISSION AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Paralegals**

The Department ensures that all inmates have direct access to the courts in all legal claims involving direct appeals from the conviction for which they are incarcerated, habeas petitions, civil rights actions, or conditions of confinement. The Department facilitates this access by providing paralegal services to all inmates. \$127,954.40

**Law Library**

The Department provides law library supplies to inmates. \$87,129.96

**Community Colleges (Work Based Education)**

Inmate education contracts. \$1,371,813.51

**General Education Diploma Testing**

Inmate diploma testing expenditures \$33,700.91

**ITA Debit Card Charges**

Bank charges for the Inmate Release Card Program \$48,943.50

**Inmate Trust Account Supplies**

Printing costs for Inmate Trust Accounts \$7,438.93

**Intake Test of Adult Basic Education (TABE)**

Classification testing during initial Department intake \$66,322.30

**Complex Projects**

Inmate Cable TV Upgrade at Eagle Point Unit \$151,446.83

**Transfers to the Building Renewal and Preventive Maintenance Fund**

Transfers to the Building Renewal Fund per legislation \$500,000.00

**Total Expenditures**

**\$2,894,750.34**

**ARIZONA DEPARTMENT OF CORRECTIONS  
INMATE ACTIVITIES & RECREATION FUND  
TELEPHONE COMMISSION AND EXPENDITURES**

**PROJECTED BUDGET FOR FY14**

<b>INMATE TELEPHONE SYSTEM COMMISSION AND OTHER REVENUES</b>	
Fiscal Year 2013 – Beginning Balance	<b>\$6,293,234.43</b>
Interest (Earned throughout the year)	\$135,000
Inmate Telephone	\$4,400,000
<b>TOTAL</b>	<b>\$10,828,234.43</b>
<b>EXPENDITURES CHARGED AGAINST THE INMATE TELEPHONE SYSTEM COMMISSION AND OTHER REVENUES</b>	
Paralegals	\$200,000
Law Library	\$130,000
Community Colleges (Work Based Education)	\$3,200,000
General Education Diploma Testing	\$150,000
Intake Test of Adult Basic Education (TABE)	\$70,000
Special Projects & Unpaid FY13	\$250,000
ITA Supplies	\$20,000
Release Cards	\$60,000
Transfer to Private Prisons	\$200,000
Transfer to Complex A&R funds	\$200,000
Transfer to Building Renewal and Preventive Maintenance Fund	\$500,000
<b>TOTAL</b>	<b>\$4,980,000</b>
<b>Balance:</b>	<b>\$5,848,234</b>



# Arizona Department of Corrections

1601 WEST JEFFERSON  
PHOENIX, ARIZONA 85007  
(602) 542-5497  
www.azcorrections.gov



JANICE K. BREWER  
GOVERNOR

CHARLES L. RYAN  
DIRECTOR

July 28, 2014

The Honorable Andy Tobin, Speaker  
Arizona House of Representatives  
1700 West Washington  
Phoenix, Arizona 85007

Dear Speaker Tobin:

Arizona Revised Statute § 41.1604.03 requires an annual report containing a full and complete account of special services fund transactions relating to the inmate telephone system and the telephonic victim notification system for the preceding fiscal year. I am pleased to provide the report for Fiscal Year 2014.

Should you have any questions regarding our submission, feel free to contact me at (602) 542-5225 or Michael Hawthorne, Chief Financial Officer, Administrative Services Division, at (602) 364-3371.

Sincerely,

Charles L. Ryan  
Director

Enclosures

cc: John Arnold, OSPB Director  
Richard Stavneak, JLBC Director

## **SPECIAL SERVICES FUND**

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### **Establishment of Fund and Annual Report**

A.R.S. § 41.1604.03 requires that the Arizona Department of Corrections (ADC) establish a special services fund and submit an annual report to the President of the Senate and to the Speaker of the House of Representatives, regarding special services fund transactions relating to the inmate telephone system and the telephonic victim notification system.

### **Funding Sources**

A primary funding source of the special services fund is the inmate telephone system. This system, which is used by inmates for their personal phone calls, is a prepaid or collect-call system. The contracted long-distance telephone service provider allocates a portion of the revenues generated by these calls to the Arizona Department of Corrections. ADC deposits these revenues in the special services fund.

### **Fund Uses**

The special services fund is used to purchase items and services for the benefit, education and welfare of committed offenders.

This packet contains the following information:

- Enclosure A shows the FY 2014 commissions generated by the inmate telephone system and the expenditures charged against these commissions.
- Enclosure B details the expenditures listed in Enclosure A.
- Enclosure C details projected expenditures for FY 2015.

ARIZONA DEPARTMENT OF CORRECTIONS  
SPECIAL SERVICES FUND  
TELEPHONE COMMISSION AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<b>COMMISSION</b>	
<b>INMATE TELEPHONE SYSTEM</b>	
Prior Year Ending Balance	\$6,293,234.43
Fiscal Year 2014 – Commissions from Inmate Telephone Contract Revenue	\$4,124,033.35
Fiscal Year 2014 – Interest Earned	\$157,206.56
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$10,574,474.34</b>
<b>EXPENDITURES CHARGED AGAINST</b>	
<b>COMMISSION FROM THE INMATE TELEPHONE SYSTEM</b>	
Paralegals	\$135,062.24
Law Library	\$99,600.86
Community Colleges (Work Based Education)	\$636,684.65
General Education Diploma (GED)	\$61,340.05
Test Adult Basic Education (TABE)-Intake	\$62,552.16
ITA Debit Card Charges	\$28,177.50
Inmate Trust Account Supplies	\$27,141.98
Building Renewal Fund and Automation Project Fund	\$531,700.00
Complex Projects	\$112,859.96
<b>TOTAL FUNDS EXPENDED</b>	<b>\$1,695,119.40</b>
<b>BALANCE</b>	<b>\$8,879,354.94</b>

ARIZONA DEPARTMENT OF CORRECTIONS  
SPECIAL SERVICES FUND  
DETAILS REGARDING  
TELEPHONE COMMISSION AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Paralegals**

The Department ensures that all inmates have direct access to the courts in all legal claims involving direct appeals from the conviction for which they are incarcerated, habeas petitions, civil rights actions, or conditions of confinement. The Department facilitates this access by providing paralegal services to all inmates. \$135,062.24

**Law Library**

The Department provides law library supplies to inmates. \$99,600.86

**Community Colleges (Work Based Education)**

Inmate education contracts. \$636,684.85

**General Education Diploma Testing**

Inmate diploma testing expenditures \$61,340.05

**ITA Debit Card Charges**

Bank charges for the Inmate Release Card Program \$28,177.50

**Inmate Trust Account Supplies**

Printing costs for Inmate Trust Accounts \$27,141.98

**Intake Test of Adult Basic Education (TABE)**

Classification testing during initial Department intake \$62,552.16

**Complex Projects**

ASPC-Eyman and ASPC-Lewis inmate cable TV upgrade/repair \$112,859.96  
ASPC-Eyman washers and dryers for inmate use  
ASPC-Eyman maximum units special programs furniture

**Transfers to the Building Renewal Fund and Automation Project Fund**

Transfers to Building Renewal and Automation Project Funds per legislation \$531,700.00

**Total Expenditures****\$1,695,119.60**

**ARIZONA DEPARTMENT OF CORRECTIONS  
SPECIAL SERVICES FUND  
TELEPHONE COMMISSION AND EXPENDITURES**

**PROJECTED BUDGET FOR FY15**

<b>INMATE TELEPHONE SYSTEM COMMISSION AND OTHER REVENUES</b>	
Fiscal Year 2014 – Beginning Balance	<b>\$8,879,355</b>
Interest (Earned throughout the year)	\$160,000
Inmate Telephone	\$4,000,000
<b>TOTAL</b>	<b>\$13,039,355</b>
<b>EXPENDITURES CHARGED AGAINST THE INMATE TELEPHONE SYSTEM COMMISSION AND OTHER REVENUES</b>	
Paralegals	\$200,000
Law Library	\$130,000
Community Colleges (Work Based Education)	\$3,200,000
General Education Diploma Testing	\$150,000
Intake Test of Adult Basic Education (TABE)	\$70,000
ITA Supplies	\$30,000
Release Cards	\$60,000
Special Projects and Complex Projects	\$450,000
Transfer to Private Prisons	\$200,000
Transfer to Building Renewal Fund	\$500,000
<b>TOTAL</b>	<b>\$4,990,000</b>
<b>Balance:</b>	<b>\$8,049,355</b>