

# **Borrowing Against the Future: The Impact of Prison Expansion on Arizona Families, Schools and Communities**



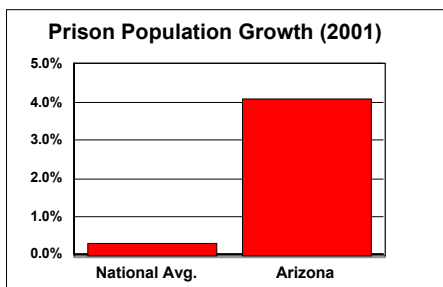
## Executive Summary

When it comes to criminal justice, Arizona is out of step with the nation as a whole. In many states, prison populations have stabilized, and politicians of both parties have responded budget shortfalls by embracing less costly alternatives to incarceration. **By contrast, Arizona's prison population continues to grow at a rapid pace, and the state is about to contract for 4,600 new private prison beds at an estimated cost of \$86 to \$100 million a year.**

Arizona's heavy reliance on incarceration has come at a tremendous cost to the state's families and communities—especially state university students and their parents who have been forced to shoulder a disproportionate share of the burden. Evidence uncovered in this report suggests that planned prison expansion—the largest currently being contemplated by any state—could cripple Arizona's ability to provide for the long-term needs of residents while maintaining a balanced budget.

Between 1980 and 2000, most states saw their prison populations grow at unprecedented rates. By 2001, however, the number of men and women in state prisons stabilized—a development experts saw as a function not only of declining crime rates, but also of criminal justice policy reforms enacted in response to public and budget pressures.

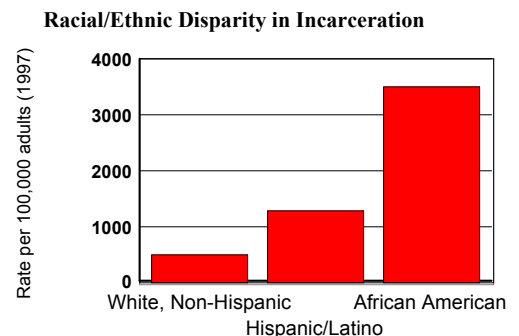
Like the rest of the nation, the number of Arizonans behind bars exploded in the last two decades—from 4,360 in 1980 to nearly 30,000 today—and the state now leads the western states in incarceration. Unlike most other states, however, Arizona's prison population continued to grow at a rapid pace in 2001, and further growth is projected in coming years.



While prison expansion is often justified as a way to keep dangerous criminals off the streets, Arizona has not been filling prisons with violent and repeat offenders. In fact, the bulk of the state's corrections resources are used to lock up people classified by the ADC as nonviolent and first offenders. More than half (55.3%) of Arizona's prisoners are serving time for nonviolent offenses, while three-fourths (77.5%) are serving their first term in the state prison system. Fewer than one in ten Arizona prisoners is classified as a violent repeat offender.

The incarceration of thousands of nonviolent offenders is not the only way Arizona's corrections resources seem to be misdirected. Following a national trend, Arizona is locking up an increasing number of women, despite the fact that just one in forty women in the state's prisons is classified as a violent repeat offender, not to mention the fact that incarcerating women, 68% of whom are mothers, puts tremendous strain on children.

Meanwhile, Arizona continues to incarcerate African Americans and Latinos at grossly disproportionate rates. African American adults are roughly seven times as likely to be incarcerated as non-Hispanic whites in Arizona, while a recent study showed that the rate of incarceration for Latinos was significantly higher than in any other border state.



There is little evidence that Arizona's heavy reliance on incarceration is producing the desired results. While crime has declined significantly in the state, research by The Sentencing Project shows that states whose prison populations grew more slowly than Arizona's in the '90's experienced larger drops in crime—suggesting that the link between prison growth and falling crime rates is tenuous at best. There is even less evidence that prison

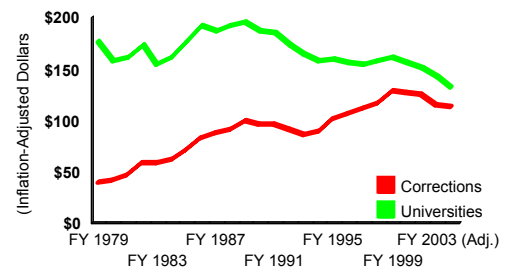
growth is improving conditions in crime-ridden neighborhoods; instead, it seems to be putting even greater strain on poor children, families and communities.

However, one of the most harmful, and least discussed, impacts of prison growth has been its impact on other state spending priorities, especially higher education. Original analysis of state budget figures shows that, over the last 24 years, corrections and state universities have competed for the same 21% to 25% of the state's General Fund dollars. During that time, higher education's share of the budget fell from 19.1% to 12.4% while corrections' share rose from 4.3% to 10.7%. The result is that since 1979, despite the growing importance of higher education in the global economy, state support for public universities has actually declined by more than a quarter (25.7%, measured on an inflation adjusted per capita basis.)

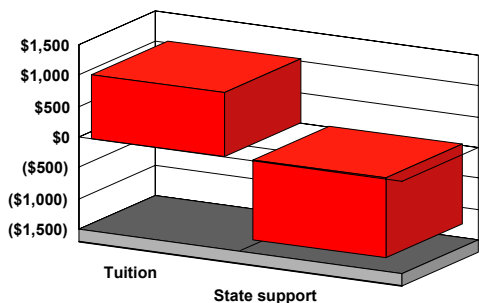
The most disturbing finding, however, is that the state now spends significantly more General Fund dollars to put African Americans and Latinos behind bars than to put them through state universities. We estimate that the state appropriated roughly \$2.42 to incarcerate African Americans, and \$1.54 to incarcerate Latinos, for each General Fund dollar appropriated to provide them with a state university education.

The bulk of the cuts made to higher education to compensate for growth in corrections spending have been passed along to students and their parents in the form of tuition hikes. For example, between 1988 and 2003, the state's per-student contribution fell by \$1,288.48 on an inflation-adjusted basis, while tuition for in-state undergraduates rose by a similar amount (\$1,043.19). In 2002, Arizona's state university system was ranked one of the least affordable in the nation.

**AZ General Fund Expenditures, Per Capita**



**Tuition vs. State Funds (1988-2003)**



Arizona current fiscal crisis has only exacerbated the problem. State universities absorbed a third of \$120 million in agency cuts imposed at the end of last year while a \$29 million increase in the corrections budget was left untouched; and both the Governor's and Legislature's proposed FY 2004 budgets would provide universities with even less General Fund revenue per student than the system received in this fiscal year.

Despite a crisis in higher education and record deficits, however, the state is about to sign 20-year contracts for two new private prisons—a move that is likely to cost far more than has been anticipated, and

which could cripple the state's long-term ability to support education and other social programs while maintaining a balanced budget. While the Department of Corrections has not made any public statements regarding the cost of the facilities, based on ADC data, we estimate a cost of \$86 million to \$100 million a year, beginning in FY 2005.

Moving forward with the new prisons could not only blow a hole in the state's budget, but also tie the state to millions of dollars in prison debt for the next twenty years, as the result of a costly, and potentially risky, finance mechanism. It is difficult to see how the state, which is facing both a large deficit and an uncertain economic future, can justify making a major, long-term commitment to new prisons while failing to address other pressing needs. In a very real way, the state must decide whether it wants to prepare for a fast-growing population of high-school graduates—an increasing number of whom are Latino—by fixing crumbling classrooms or building more prison bars.

Fortunately, the state has other options. By following the lead of other states and investing in alternatives to incarceration, Arizona could not only eliminate the need for new prison beds, but also do more to enhance public safety and build strong communities.

## Introduction

Last year, representatives of the Arizona Advocacy Network (AzAN), a non-partisan coalition that promotes social justice in Arizona, approached Grassroots Leadership, a 23 year-old group that supports Southern community and civil-rights organizing, for help assessing the potential consequences of the state's plans to build 4,600 new private prison beds. After a series of discussions, AzAN asked Grassroots Leadership to collaborate on a report documenting the impact of prison expansion and privatization on Arizona's families and communities.

On May 20, 2002, Grassroots Leadership released a similar report on prison expansion and its impact on higher education in Mississippi. "Education v. Incarceration: A Mississippi Case Study" found that rapid growth in that state's prison system—which added 6,600 beds in five private prisons and eleven regional jails between 1995 and 2002—had come at the expense of higher education. The report concludes:

While inflation adjusted per capita spending on corrections rose 115% [in the 1990s], inflation-adjusted per capita spending on higher education stagnated during this same period, increasing by less than one percent... average tuition and fees at Mississippi institutions of public higher education have risen 11.1% from 1990 to 1999 with costs kept in constant 1999 dollars. The State of Mississippi is effectively forcing students and their parents to shoulder the burden of the state's prison growth. (Emphasis added.)

Arizona, like Mississippi, has above-average rates of incarceration and levels of corrections spending. Arizona also falls near Mississippi at the bottom of a recent national report card on higher education: according to "Measuring Up 2002", the states tied for 44<sup>th</sup>/45<sup>th</sup> place in terms of high school students' preparation for college, and whereas Mississippi received a "D" for affordability, Arizona rated an even lower "D minus." Based on this information, we decided to explore whether prison expansion had made a similar impact on Arizona's ability to support public higher education.

Our findings show not only that Arizona risks repeating costly mistakes Mississippi made over the last six years, but also that the long-term consequences of those mistakes could be far more severe. First, whereas state support for higher education remained flat in Mississippi in the 1990s, it actually fell by 14.6% in Arizona during that period, and it has fallen another 17.7% since 1999. Second, while Mississippi's state universities found themselves in crisis after a round of major prison expansion, Arizona's state universities find themselves in crisis before an ambitious prison-building program has even begun.

"Education v. Incarceration," helped spark a healthy public discussion in Mississippi about the appropriate place of prisons among the state's social priorities. Shortly after its release, Mississippi's Governor terminated the state's contract with Corrections Corporation of America for the use of Delta Correctional Facility—one of many steps the state has taken to reduce financial and social costs generated by decades of prison expansion.

It is our hope that "Borrowing Against the Future" will provoke a similar debate concerning the wisdom of the state's plans to build new prisons in the face of a massive deficit and an uncertain economic future. It is not too late for Arizona to avoid Mississippi's costly mistakes.

## Key Findings

Finding #1: During the last two decades, state prison populations grew at a rapid pace. Like the rest of the nation, Arizona saw significant prison growth during that time period, and the state now locks up more people, per capita, than any other state in the west.

- Since 1980, Arizona's prison population has grown more than six-fold—from 4,360 to nearly 30,000.
- At year-end 2001, Arizona's rate of incarceration, 492 per 100,000 residents, was the highest among the thirteen western states, and the tenth highest rate in the nation.

Finding #2: In 2001, a combination of declining crime rates and criminal justice policy reforms allowed many states to stabilize, or even reduce, their prison populations. On the other hand, Arizona's prison population continued its rapid rise, and further growth is projected in coming years.

- The nation as a whole saw the state prison population grow by just 0.3% in 2001, the smallest increase in decades. By contrast, Arizona's prison population, which has grown by an average of 4.5% a year since 1995, increased by another 4.1% in 2001.
- The Arizona Department of Corrections projects that 3,000 men and women will be added to the state's prison system between March 2003 and March 2005, a 9.5% increase over two years.

Finding #3: Arizona has not used prison expansion to incarcerate primarily violent and repeat offenders. Instead, the bulk of the state's corrections resources are used to lock up people classified by the Department of Corrections as nonviolent and first offenders.

- According to ADC data, 55.3% of Arizona's prisoners are serving time for nonviolent offenses, and 77.5% are serving their first term in the state prison system.
- Fewer than one in ten Arizona prisoners is classified as a violent repeat offender.
- The proportion of state prisoners serving time for a drug offense grew from 8% in 1980 to 22% in 2000.

Finding #4: Following a national trend, Arizona is increasingly using limited corrections resources to lock up women, despite the fact that the overwhelming majority of women in the system are classified as nonviolent and first offenders.

- While women make up less than 8% of Arizona's prisoners, they account for 12% of the growth in the state's prison population since 1995.
- There were 2,447 women behind bars at the end of 2002, and the DOC projects that the number will grow to 3,200 by mid-2004—an increase of 31% over just eighteen months.
- If the DOC's projections are realized, the incarceration rate for women in Arizona could rise above 100 per 100,000 residents. Only two states (Mississippi and Oklahoma) had higher female incarceration rates higher than 100 per 100,000 at the end of 2001.
- 76.1% of Arizona's women prisoners are serving time for nonviolent offenses, and 86.2% are classified as first offenders. Fewer than one in forty Arizona women prisoners is classified as a violent repeat offender.

Finding #5: African Americans and Latinos are grossly overrepresented in Arizona's prison system.

- A 2000 study by the by the National Center for Institutions and Alternatives showed that, in 1997, African American adults were roughly seven times as likely to be incarcerated as non-Hispanic whites.
- The study also showed that in 1997, Arizona incarcerated Latinos/as at a rate of 1,281 per 100,000 adults—the 6<sup>th</sup> highest incarceration rate in the nation. By comparison, the average for the other three border states was 929 per 100,000, almost a third lower.
- The high rate of incarceration for Latinos is likely to be a particular problem given 60% projected growth in the overall Latino/a population over the next 15 years. At current rates of incarceration, there will be about 5,000 more Latinos/as behind state prison bars by 2015.

Finding #6: There is little or no evidence that the drop in crime Arizona experienced in the late 1990s can be attributed to growth in the state's prison population.

- A national study conducted by the Sentencing Project in 2000 demonstrated that increased use of incarceration does not necessarily produce lower crime rates. Between 1991 and 1998, the researchers found that states whose prison growth was above-average saw smaller declines in crime rates than states whose prison growth was below average (13% compared to 17%).
- Nine of twelve states whose prison populations grew more slowly than Arizona's over the same period experienced larger drops in crime.

Finding #7: National research and the state's own data suggest that Arizona's heavy reliance on incarceration may be hurting the very families and communities the justice system is supposed to help.

- Incarceration puts tremendous strain on families, especially on the children of prisoners. In 2001, 68% of the state's female prisoners and 58% of male prisoners had one or more dependents. There may be more than 35,000 children suffering the incarceration of at least one parent in the state today.
- The incarceration of a parent is associated with greater risk of involvement with the juvenile justice system. Three of four girls and over half of boys under control of the Department of Juvenile Justice had an incarcerated parent or sibling.
- The cumulative stress of incarceration on families and communities can actually lead to higher crime rates, according to national research.

Finding #8: The massive increase in corrections spending brought on by prison growth has come at the expense of other social priorities—especially higher education. The picture is particularly stark for African Americans and Latinos, whom Arizona now spends more to incarcerate than to educate at state universities.

- General Fund appropriations for corrections (adult and juvenile) have doubled over the last 15 years, rising from \$321 million in 1988 to \$644 million in 2003, on an inflation-adjusted basis.
- Since 1979, corrections and state universities have competed for the same 21% to 25% of the state's General Fund dollars. During that time, higher education's share of the budget fell from 19.1% to 12.4% while corrections' share rose from 4.3% to 10.7%. If current trends continue, the state will spend more of its General Fund on prisons than state universities by 2006.
- Between 1979 and 2003, General Fund appropriations for Arizona's public universities fell by 25.7%, from \$177.35 to \$131.82 on an inflation-adjusted per capita basis. Over the same period, appropriations for the state's prisons and juvenile facilities shot up by 185.5%, from \$39.81 to \$113.68.
- In FY 2002, Arizona spent significantly more General Fund dollars to put African Americans and Latinos\as behind bars than to put them through state universities. We estimate that the state appropriated roughly \$2.42 to incarcerate African Americans, and \$1.54 to incarcerate Latinos, for each dollar appropriated to provide them with a state university education.

Finding #9: The shift in state dollars from higher education to corrections has placed the burden of paying for prison expansion squarely on the shoulders of students and parents.

- Tuition at Arizona's state universities increased in nineteen of the last twenty years, from \$850 in 1983 to \$2,583 in 2002 for in-state undergraduates.
- The funds generated by tuition increases have not allowed state universities to improve educational quality and access; instead, new tuition dollars have been used to offset the decline in state contributions. For example, between 1988 and 2003, the state's per-student contribution fell by \$1,288.48 on an inflation-adjusted basis, while tuition for in-state undergraduates rose by a similar amount (\$1,043.19).
- In 2002, a national higher education report card rated Arizona one of the least affordable states for college students and their parents, citing, among other factors, limited availability of financial aid.
- Arizona students borrow an average of \$3,573, placing the state among the top ten in terms of student reliance on loans.
- It takes a quarter of the average family income to send a student to a state university in Arizona.

Finding #10: Arizona's state universities are already underfunded, and their predicament is getting worse thanks to the state's deepening fiscal crisis.

- Even prior to the state's current budget problems, Arizona's public universities had significant unmet needs. For example, years of neglect by the Legislature have left Arizona State University with a "severe and worsening \$66.9 million replacement and renovation cost for buildings rated unsatisfactory," and the University of Arizona has been forced to cut 7% of its undergraduate class sections over the last two years despite 7% growth in enrollment.
- State universities were forced to absorb a third of \$120 million in agency cuts imposed at the end of 2002, although the system receives just 12% of General Fund appropriations and is already underfunded. ASU President Michael Crow described that school's share of the cuts (\$18 million) as "among the most severe ever made to a current operating budget for a state university."
- While state universities were forced to operate with \$20 million (2.6%) less in FY 2003 than the system received from the General Fund in FY 2002, a \$29 million (5.4%) increase in the corrections budget was left intact.
- In FY 2004, The Governor's and Legislature's budget proposals would require the state university system to educate between 6,000 and 7,000 additional students with \$12 million to \$14 million less in General Fund support than it received in FY 2002.

Finding #11: Proposed changes to the state universities, including a recently adopted 39% tuition hike, could greatly restrict access to higher education for Arizonans unless the state makes a commitment to providing meaningful financial aid.

- University administrators are counting on being able to use \$22 million of an estimated \$100 million in new tuition revenues to strengthen financial aid, however given the state's current deficit and funding priorities, it seems unlikely that those monies will be protected.
- Without expanding financial aid, a system that already trails the nation in affordability could become inaccessible to low-income and even middle-class students.
- Proposed changes to the structure of the universities—such as raising admissions criteria, expanding out-of-state admissions and centralizing programs—will further restrict access to residents and increase the cost of public higher education in the state.

Finding #12: In FY 2004, the state plans to sign 20-year contracts for two new private prisons—a move that is likely to cost far more than has been anticipated, and which could cripple the state's long-term ability to support education and other social programs while maintaining a balanced budget.

- The proposed facilities, a 1,400-bed DWI prison and a 3,200-bed women's prison, represent the largest expansion of prison beds currently being proposed by any state in the country.
- While the Department of Corrections has not made any public statements regarding the anticipated price tag for the new prisons, estimates based on the Department's own data put the total cost to the state somewhere between \$86 million and \$100 million a year, beginning in FY 2005.

Finding #13: The proposed financing mechanism for the new facilities is a costly, and potentially risky, form of "back-door" borrowing that will tie the state to millions of dollars in prison debt for the next twenty years and could endanger its long-term fiscal health.

- Arizona's new 20-year contracts with Correctional Services Corporation, which give the state an "option to purchase" for no cost at the end of the period, suggest that privatization has become a back-door means of borrowing money to build what are effectively state-owned prisons.
- Based on the recent experience in Louisiana, the decision to switch to "purchase option" contracts and municipal bond financing may inadvertently put the state on the hook for millions in prison debt.
- When combined with one-shot measures proposed by the Governor and Legislature to resolve the FY 2004 budget shortfall, the long-term obligation created by the new prisons could endanger the future fiscal health of the state.

Finding #14: A decision to prioritize funding new private prisons over public higher education could have profound consequences for the state as it confronts a slowing economy and adapts to growth in both the Latino population and the number of graduating high school students.

- Further cuts to higher education will negatively impact the state's economy in two ways: first, the loss of jobs will have an immediate economic impact on communities where the universities, especially Flagstaff which is already hard-hit by a decline in tourism; second, the weakening of the universities will undermine the state's business climate, hampering long-term growth.
- Rapid growth in the number of high-school graduates—projected to increase by 33.8%, or more than three times the national rate, between 1998 and 2010—will put even greater pressure on an overburdened state university system.

Finding #15: The state of Mississippi, which falls near Arizona on a variety of national higher education-related rankings, embarked on a similarly ambitious program of private prison expansion between 1995 and 2002. The result was a costly system that not only prevented the state from addressing a crisis in education funding, but also failed to meet its corrections needs.

- Between 1995 and 2002, Mississippi added 6,600 beds to its prison system through the construction of private prisons and regional jails. Instead of realizing anticipated cost-savings, however, the state ended up paying millions for beds it didn't need.
- The cost of prison expansion in Mississippi was borne by the state university system, whose level of funding stagnated during the 1990s, while state corrections spending more than doubled.

Finding #16: By following the lead of other states and investing in alternatives to incarceration, Arizona could not only eliminate the need for new prison beds, but also do more to enhance public safety and build strong communities. For example:

- Reform of the state's "truth in sentencing" laws made 2,000 nonviolent offenders in Mississippi eligible for parole by the end of 2001. Arizona prisons hold over 11,000 nonviolent first offenders, nearly all of whom were sentenced under "truth in sentencing."
- New York has used unspent federal TANF dollars to divert mothers from prison and provide them with comprehensive rehabilitative services. Arizona incarcerates approximately 1,400 mothers with dependent children.
- Oklahoma's Governor Frank Keating, a conservative Republican known for "law-and-order" stances, has asked the state's Pardon and Parole Board to identify 1,000 nonviolent prisoners who could safely be given early release.
- The state of Virginia has initiated a conditional release program for elderly prisoners, many of whom have "aged-out" of their crime-prone years yet cost far more to incarcerate than younger prisoners. At the end of FY 2001, Arizona had 1,192 prisoners over age 55.
- By developing more effective ways to respond to technical parole violations, including intermediate sanctions and preventive measures, Texas succeeded in reducing the number of people returning to prison on parole revocations by 26%. In FY 2001, 3,267 prisoners were admitted to Arizona prisons under the category of "Released Violator Returned."



**Finding #1: During the last two decades, state prison populations grew at a rapid pace. Like the rest of the nation, Arizona saw significant prison growth during that time period, and the state now leads the west in incarceration.**

In the last twenty-two years, the number of men and women behind Arizona prison bars has grown by well over 500%; from 4,360 in 1980 to 29,591 on December 31, 2002<sup>i</sup>. The bulk of this growth did not come from an increase in the state's population, which doubled over the same period<sup>iii</sup>; nor did it come from increasing crime rates, since crime in the state actually fell during the 1990s.

Instead, Arizona's prison growth was part of a national trend toward tougher sentencing and stepped-up enforcement, especially around drugs. However, even in a country that relies on prisons to solve social problems, Arizona has distinguished itself. By the end of 2001, Arizona had the highest rate of incarceration (492 per 100,000 residents) among the thirteen Western states and was ranked 10<sup>th</sup> in the nation as a whole<sup>iv</sup>.

Incarceration Rate (per 100,000 residents)	
<b>Arizona</b>	<b>492</b>
Nevada	474
California	453
Idaho	451
Colorado	391
Montana	368
Wyoming	340
Oregon	327
Alaska	300
Hawaii	298
New Mexico	295
Washington	249
Utah	230

Source: Bureau of Just. Stats.

**Finding #2: In 2001, growth in state prison populations was at its lowest level in decades, as declining crime rates and criminal justice policy reforms allowed many states to stabilize or even reduce the number of people behind bars. However, the rapid growth of Arizona's prison did not slow in 2001 and is projected to continue for at least two more years.**

In 2001, the Bureau of Justice Statistics reported that net growth in state prison populations was just 0.3%--the lowest level in decades<sup>v</sup>. Falling crime rates have played a major role in slowing growth, however criminal justice researchers Judith Greene and Vincent Schiraldi argue in their February 2002 report "Cutting Correctly" that shrinking state budgets and shifts in public opinion have also been crucial factors<sup>vi</sup>.

On one hand, Greene and Schiraldi observe that state and local governments are facing the worst fiscal crisis in decades, the result of a slowing economy combined with steep tax cuts implemented in the past decade. "While state government officials may have felt they could afford incarceration largess during the boom years of the 1990's, state budgets are now groaning under the weight of the recent recession compounded by the revenue loss associated with the September 11 terrorist attacks."<sup>vii</sup>

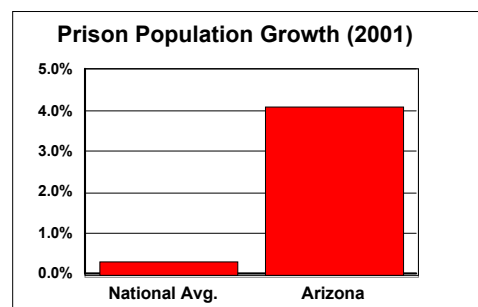
On the other, the authors note that opinion research commissioned by Open Society Institute, as well as others, shows that the public has become skeptical of incarceration as a one-size-fits-all approach to crime, and is increasingly unwilling to sacrifice social priorities such as education to fund prison expansion.

For states looking to reign in mushrooming prison costs by reducing the use of incarceration for nonviolent offenders, there is plenty of public support for carefully designed efforts to do so... the public believes that laws should be changed to reduce the incarceration of nonviolent offenders, that rehabilitation should still be the number one purpose of the justice system, and that various community sanctions and programs, such as drug treatment, community service and restitution are preferable to simple imprisonment.<sup>viii</sup>

Reluctant to raise taxes or slash popular programs, state policymakers on both sides of the aisle have begun to take steps few would have considered possible. By the time "Cutting Correctly" was released, "Republican governors in four states [had] decided to close prisons." And since then, the number of states seeking to stabilize or even reduce prison populations has only grown. A January 21, 2003 story in the *Christian Science Monitor* summarizes this trend:

>From Michigan to Ohio to North Carolina, governors and lawmakers are looking for ways to reduce criminal-justice budgets by cutting down on the number of inmates. Drug laws, parole policies, and truth-in-sentencing requirements are all on the table. And in many states, like Michigan, it's conservative lawmakers who've taken on the mantle of reform.<sup>ix</sup>

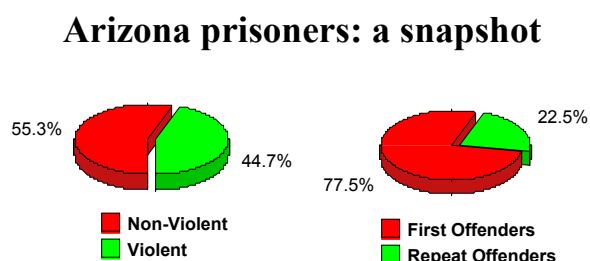
However, despite the fact that Arizona faces a looming \$1 billion deficit, the state seems to be moving in the opposite direction. Arizona's prison population, which has grown by an average of 4.5% a year since 1995, grew at a rate of 4.1% in 2001<sup>x</sup>. Projections by the Arizona Department of Corrections suggest that this pace will continue into the future, putting an additional 3,000 men and women behind bars by March 2005—a 9.5% increase over the next two years<sup>xi</sup>.



**Finding #3: Arizona has not used prison expansion to incarcerate primarily violent and repeat offenders. Instead, the bulk of the state's corrections resources are used to lock up people classified by the Department of Corrections as nonviolent and first offenders.**

Arizona, like many other states, has used limited corrections resources to put increasing numbers of nonviolent offenders behind bars. According to Greene and Shiraldi, "The percentage of violent offenders held in state prisons has actually declined from 57 percent in 1978 to 48 percent in 1999... Nonviolent offenders accounted for 77 percent of the growth in intake to America's state and federal prisons between 1978 and 1996."<sup>xii</sup>

Department of Corrections figures for 2001 show that Arizona incarcerates an even higher proportion of nonviolent offenders than the nation as a whole<sup>xiii</sup>. ADC reports that 55.3% of prisoners in the system were serving time for nonviolent offenses, and that three of four nonviolent offenders were also classified as first offenders (i.e. serving their first state prison sentence)<sup>xiv</sup>. Less than half (44.7%) of the state's prisoners were serving time for violent offenses, and fewer than one in ten (8.2%) was classified as a violent repeat offender.



A review of Arizona Department of Corrections figures for Fiscal Year 2001, for example, shows that the state imprisoned more people for forgery/fraud or larceny than for murder;

Arizona did a take a positive step toward decarcerating low-level, drug offenders when voters passed Proposition 200 in 1996. Nevertheless, the state has still seen significant growth in the incarceration of nonviolent drug offenders. In 1980, just 347 Arizonans were incarcerated for drug offense; by 2000, the number had shot up to 5,341, and drug offenders made up a fifth (22%) of the state's prison population<sup>xv</sup>. In 2001, more Arizona prisoners were doing time for drug offenses than for murder, sexual assault, kidnapping combined<sup>xvi</sup>.

**Finding #4: Following a national trend, Arizona is increasingly using limited corrections resources to lock up women, despite the fact that the overwhelming majority of women in the system are classified as nonviolent and first-time offenders.**

While women made up 8% of Arizona's prisoners at the end of 2002<sup>xvii</sup>, they account for 12% of the growth in the state's prison population between 1995 and 2001<sup>xviii</sup>. With 2,168 women locked up in 2001, Arizona had the 10<sup>th</sup> highest rate of female incarceration in the country and the third highest in the west (72 per 100,000 residents)<sup>xix</sup>. By the end of 2002, there were 2,447 women behind bars, an increase of 12.9% in single year.

The population of women prisoners is projected to increase even faster in the near future. According to an *Associated Press* report, "that number is expected to rise to 3,200 by mid-2004"—an increase of 31% over just 18 months<sup>xx</sup>. The addition of over a thousand women to the prison system in a two and a half year period could easily push the Arizona's female incarceration rate above 100 per 100,000 residents. Only two states (Mississippi and Oklahoma) currently have female incarceration rates higher than 100 per 100,000 residents<sup>xxi</sup>.

Unprecedented growth in the number of women behind state bars is taking place despite the fact that the overwhelming majority of women in the system are nonviolent and first offenders. In 2001, 76.1% of Arizona’s women prisoners were serving time for nonviolent offenses, and 86.2% were classified as first offenders; fewer than one in forty Arizona women prisoners was classified as a violent repeat offender<sup>xxii</sup>. In fact, Arizona held as many women prison for forgery/fraud as for Kidnapping, Sexual Assault, Robbery and Assault combined. These findings are consistent with national data showing that women are less likely to commit violent or repeat offenses<sup>xxiii</sup>.

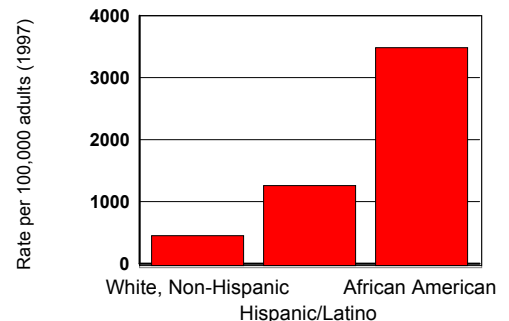
**Finding #5: African Americans and Latinos are grossly overrepresented in the state’s prison system.**

Arizona’s heavy reliance on incarceration has disproportionately affected the state’s African American and Latino communities. While African Americans make up just 3.1% of the state’s population<sup>xxiv</sup>, they currently comprise 14.6% of the prison population<sup>xxv</sup>. According to the National Center on Institutions and Alternatives, in 1997, African Americans had an incarceration rate of 3,510 per 100,000 adult residents; in other words, more than one in every thirty African American adults in Arizona was behind bars<sup>xxvi</sup>. African Americans were seven times as likely to be in prison than non-Hispanic whites, whose rate of incarceration was 473 per 100,000 adult residents<sup>xxvii</sup>.

Latinos have also been disproportionately impacted by the state’s criminal justice policies. NCIA found in its report that Latinos/as accounted for 37.2% of the growth in Arizona’s prison system between 1985 and 1997<sup>xxviii</sup>. The report also found that, in 1997, Arizona’s incarcerated Latinos/as at a rate of 1,281 per 100,000 adults, the 6<sup>th</sup> highest incarceration rate in the nation. The high incarceration rate of Latinos/as cannot be explained, as some might think, by the fact that Arizona shares a border with Mexico, since the combined rate of incarceration of New Mexico, California and Texas is nearly a third lower (929 per 100,000 adult residents)<sup>xxix</sup>. A review of 2000 data shows that, while the rate of incarceration for Latinos had slipped slightly to 1,100, it was still way above the previously reported average for other border states<sup>xxx</sup>.

The most recent DOC figures show that Latinos/as comprise 35.1% of the prison system, although they made up just 25.3% of the state’s population in the 2000 census<sup>xxxi</sup>. This disparity could have profound consequences for the state as the Latino/a population continues to grow in coming years. The U.S. Census Bureau projects the number of Latinos/as in Arizona will increase by 60% between 2000 and 2015.<sup>xxxii</sup> If Arizona continues to lock up Latinos/as at current rates, there will be approximately 5,000 more Latinos/as behind state prison bars by 2015.

**Racial/Ethnic Disparity in Incarceration**



**Finding #6: There is little or no evidence that the drop in crime Arizona experienced in the late 1990s can be attributed to growth in the state’s prison population.**

The growth in Arizona’s prisons continues despite a lack of hard evidence that increased use of incarceration will lead to either significant reduction in crime or greater feelings of public safety. Some will point to the 25% decline in crime rates that occurred in the late 1990s as evidence of the effectiveness of the state’s “lock-em up” strategy, however a study conducted in 2000 by the Sentencing Project challenges that assumption<sup>xxxiii</sup>.

“Diminishing Returns: Crime and Incarceration in the 1990s” examined the relationship between incarceration and crime rates in all 50 states between 1991 and 1998, and found that states whose prison growth was above-average in that period saw smaller declines in crime rates than states whose prison growth was below-average (13% versus 17%)<sup>xxxiv</sup>. Further, the data shows that, among states which experienced a 25% or greater decline in crime rates, six of nine had growth in incarceration that was below the national average<sup>xxxv</sup>.

While Arizona experienced a significant drop in crime between 1991 and 1998, nine of twelve states whose prison populations grew more slowly than Arizona's experienced even larger drops in crime, raising questions about whether incarceration, or other factors, should be credited with reducing crime. The authors conclude that, "Much of the explanation for the reduction in crime in the 1990s is due to economic expansion, changes in the drug trade, and new approaches to policing," rather than rising incarceration rates<sup>xxxvi</sup>.

In terms of perceptions of public safety, prison building seems to have been even less successful. Nationally, a recent poll conducted for the Open Society Institute by Peter Hart & Associates found that "54% of all adults say the nation's approach to crime is off on the wrong track," and that the public favors dealing with the roots of crime over strict sentencing by a two-to-one margin."<sup>xxxvii</sup> Despite twenty years of prison expansion, there is no evidence that Arizonans feel safer, much less five times safer just because five times as many "bad guys" are locked up. Instead, the "bait-and-switch" tactic employed by many politicians—who often use the specter of violent, repeat offenders to drum up support for laws that lock up thousands of nonviolent and first-time offenders—seem have left the public more frightened than when the state had just a few thousand people behind bars.

**Finding #7: National research and the state's own data suggest that Arizona's heavy reliance on incarceration may be hurting the very families and communities the justice system is supposed to help.**

When an offender goes to prison, he or she isn't the only one "doing time." Incarceration puts tremendous strain on families, especially on the children of prisoners. According to ADC data, in 2001, 58% of male prisoners and 68% of female prisoners had one or more dependents; 38% of male prisoners and 50% of female prisoners had two or more dependents. Based on these figures, there may be more than 35,000 children in Arizona who are suffering the incarceration of at least one parent<sup>xxxviii</sup>.

The social cost of incarcerating parents is even higher in the case of women prisoners, who are more likely to be the sole caretakers of children. According to national data:

Ninety percent of prison fathers report that their children are residing with their other parent, but this is true for only 28 percent of prison mothers. In most cases, incarceration of a mother serves to destroy an already-fragile family unit... At least ten percent of prison mothers report that their children have been placed in non-kin foster-care homes or agencies.<sup>xxxix</sup>

Ironically, children whose family members are incarcerated are more likely to become involved in the juvenile justice system, often a precursor to involvement in the adult criminal justice system. According to the *Arizona Daily Star*, "A survey of Arizona Department of Juvenile Corrections children last year showed nearly 76 percent of girls and about 56 percent of boys had an incarcerated parent or sibling."<sup>xl</sup>

While it's impossible to draw conclusions based on this correlation alone, it raises an important question: is Arizona contributing to criminality in the next generation by locking up too many parents (especially nonviolent offenders) in this one? National research by criminologists Todd Clear and Dina Rose shows that, in a variety of ways, overincarceration can weaken the social fabric of crime-ridden communities to such an extent that it actually increases the incidence of crime.

Todd Clear, a criminology professor at John Jay College of Criminal Justice in New York City, says many inner-city neighborhoods may be reaching what he calls a "tipping point." In some areas, he notes, so many residents have been through prison that entire communities are unraveling, afflicted with rising unemployment, domestic violence, and crime. When Clear and his wife, Dina Rose, studied a 1996 drop in crime rates in Tallahassee, Florida, they discovered that crime fell the least in neighborhoods with the most residents who had spent time in state prisons. "The only difference was incarceration," Clear says.<sup>xli</sup>

**Finding #8: The massive increase in corrections spending brought on by prison growth has come at the expense of other social priorities—especially higher education.**

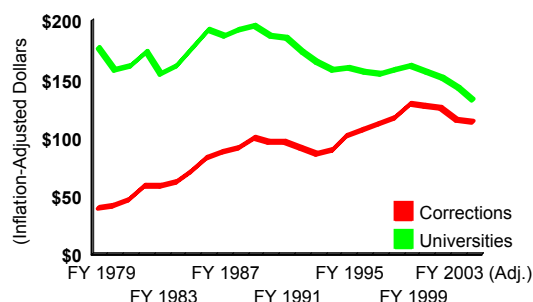
Uncontrolled prison spending has put pressure on many other state priorities, but none more than higher education. Policymakers tend to see the growth in corrections spending and the decline in state support for higher education as unrelated issues. However, a series of studies by the Justice Policy Institute has documented a close correlation—in some cases dollar-for-dollar tradeoffs—between higher education’s and corrections’ shares of state budgets<sup>xlii</sup>.

JPI attributes the tradeoff to the fact that, “Prisons and universities generally occupy the portion of the state’s budget that is neither mandated by federal requirements nor driven by population- like Medicare or K-12 education. Because they dominate a state’s discretionary funds, prisons and universities must ‘fight it out’ for the non-mandated portion of the state’s budget.”<sup>xliii</sup>

Competition between higher education and corrections is, if anything, fiercer in Arizona as a result of initiative-driven budgeting. As the *Arizona Republic* observes, “two-thirds of the state budget is locked up in voter-approved spending priorities like K-12 education and health insurance from Arizonans under the federal poverty line”<sup>xliiv</sup>. Over the past quarter century, the impact of prison growth on Arizona’s state universities has been tremendous. Analysis of Joint Legislative Budget Committee data on Arizona’s General Fund appropriations from 1979 and 2003 show that<sup>xliv</sup>:

- Corrections (including both adult and juvenile) has competed with state universities for the same 21% to 25% of General Fund dollars since 1979<sup>xlvi</sup>. During that time, spending on corrections and state universities combined has never totaled more than 20.8%, nor less than 24.9% of General Fund expenditures.
- Between 1979 and 2003, higher education’s piece of the General Fund pie fell from 19.1% to 12.4% while corrections’ share rose from 4.3% to 10.7%. In other words, roughly 6.5% of the state’s General Fund dollars have shifted from higher education to prisons over the last 24 years. If this trend continues, Arizona will spend more General Fund dollars on prisons than state universities by 2006.
- In absolute terms, over the same 24-year period, General Fund expenditures on Arizona’s public universities dropped by 25.7% or \$45.53 (from \$177.35 to \$131.82 on an inflation-adjusted per capita basis), while spending on the state’s prisons and juvenile facilities shot up by 185.5% or \$73.87 (from \$39.81 to \$113.68).
- After adjusting for inflation, corrections spending doubled in the last 15 years, from \$321 million in 1988 to \$644 million in 2003. State university spending, on the other hand, increased by just 11%, from \$668 million to \$746 million—not even enough to keep pace with 31% growth in enrollment over the period.

**AZ General Fund Expenditures, Per Capita**



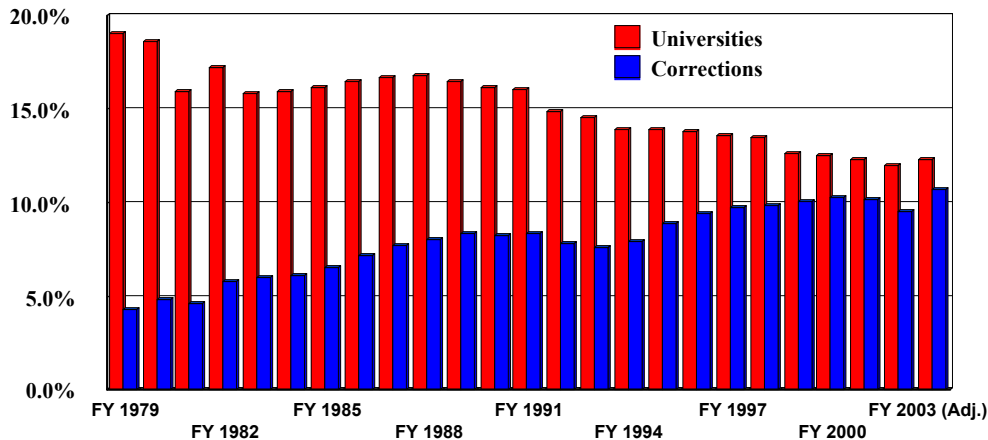
Uncontrolled growth in corrections spending has created an especially perverse circumstance for the state’s African American and Latino residents. On one hand, University of Arizona President Peter Likins recently expressed doubt over whether the school would be able to take the necessary steps to meet its diversity goals—which include increasing the percentage of Latino students at UA from 15% to 25% in ten years—due to a lack of state funds.

“Frankly, millions of dollars should be invested over time at making this place work better as a diverse community. But realistically, these are not action items we’re going to take care of in the next six months,” Likins said. “We’re going to be cutting budgets for the next six months... we really are struggling with money.”<sup>xlvii</sup>

On the other hand, the state has had little difficulty finding funds to incarcerate African Americans and Latinos. Assuming levels of spending proportional to their “participation” in the respective institutions, we estimate that, in FY 2002, Arizona spent \$76 million from its General Fund to lock up African Americans but only about \$31 million to provide them with public higher education; similarly, the state spent around \$193 million to put Latinos in prison cells, compared to \$125 million to put them in classrooms at state universities.

**Finding #9: The shift in funding from higher education to corrections has placed the burden of paying for prison expansion squarely on the shoulders of students and parents.**

**State Universities vs. Corrections (% of General Fund)**



Arizona’s Constitution mandates that the state’s universities should be “as nearly free as possible”<sup>xlvi</sup>. In practice, however, Arizona’s university system has become one of the nation’s least affordable. Faced with steadily declining state contributions, university administrators have repeatedly raised tuition in order to keep the doors open. In nineteen of the last twenty years, students and parents have been hit with hikes that have pushed tuition up from \$850 to \$2,583, for in-state residents—an increase of 64.5% in 2003 dollars<sup>xlix</sup>. Most of those increases have gone not to improving the quality of education but to replacing lost state funds. For example, between 1988 and 2003, the state’s per-student contribution fell by \$1,288.48 (from \$8,766.06 to \$7,477.58 in inflation-adjusted dollars) while tuition rose by \$1,043.19 (from \$1,540 to \$2,583) for in-state undergraduates. By shifting dollars from higher education to corrections and using tuition increases to make up the difference, Arizona has effectively forced students and parents to shoulder the fiscal burden of prison expansion.

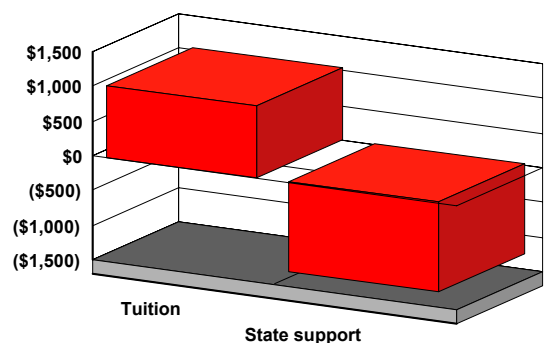
Meanwhile, the state has done little to offset the impact of rising tuition, not to mention expenses such as room and board, on low-income residents. As the *Arizona Daily Sun* observed in a recent editorial:

The state has one of the lowest college graduation rates in the country and, despite low tuition, its universities rank among the least affordable in the country. The reason? Regents, legislators and university officials have failed to account for the rising costs of staying in school and the relatively low income of many Arizona students and their families. Financial aid based on need is virtually non-existent, and the result is a record-high college dropout rate among poor and low-income students.<sup>l</sup>

According to “Measuring Up 2002: A State-by-State Report Card on Higher Education,” Arizona received a grade of “D minus” for affordability. Among the report’s findings<sup>li</sup>:

- Arizona students borrow an average of \$3,573, placing the state among the top ten in terms of student reliance on loans.

**Tuition vs. State Funds (1988-2003)**



- It takes a quarter of the average family income to send a student to a state university in Arizona.

A record \$1,000 tuition hike recently approved by the Arizona Board of Regents could have the effect of placing higher education completely out of reach for many Arizonans. University administrators have committed to using the increase to make higher education more affordable, by expanding access to financial aid, however this will only come to fruition if the state is willing to spend enough on state universities to protect those funds—an unlikely prospect in today’s climate.

**Finding #10: Arizona’s state universities are already underfunded, and their predicament is getting worse thanks to a deepening fiscal crisis. By contrast, growth in corrections spending shows no signs of slowing despite looming deficits.**

During the 1990s, Arizona lawmakers systematically underfunded higher education and left critical needs unmet. For example, according to the *State Press*, Arizona State University “has a severe and worsening \$66.9 million replacement and renovation cost for buildings rated unsatisfactory at its main campus and East facility, with 35 buildings in need of renovation and 27 buildings slated for demolition.”<sup>lii</sup> ASU’s infrastructure problems are not due to mismanagement by the university, but to the fact that the Legislature has “shorted the building renewal fund by \$196 million” over the last ten years, according to the David Harris of the Arizona Board of Regents<sup>liii</sup>.

Condemned buildings are only one of the problems that faced Arizona’s state universities before the most recent round of budget-cutting. For several years, shrinking resources have forced the University of Arizona to cut classes despite rising enrollment. The *Daily Wildcat* reports that, “The university has cut about 7 percent—or **231**—of its undergraduate class sections in the last two years, although the number of undergraduate students at UA has grown by 7 percent in the same period... While there are 2,020 more students here than there were four years ago, 257 class sections have been cut over those years.”<sup>liv</sup>

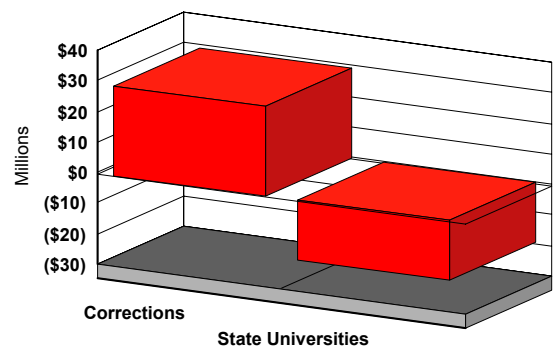
The funding shortfall in Arizona’s system of public higher education comes at the end of the longest sustained period of economic growth in this century. That expansion came to an abrupt end in 2001, and record surpluses in state budgets are now a distant memory. Faced with huge deficits, state governments are now feeling the real cost of building prisons, and having to make hard choices about spending priorities.

- **FY 2003**

Given their history, the response of Arizona lawmakers to the state’s fiscal crisis was fairly predictable: push problems off into the future, and cut higher education. At the end of last year, the outgoing Governor and the Legislature resolved just \$300 million of a \$500 million FY 2003 deficit with a package that included \$120 million in state agency cuts<sup>lv</sup>. Fully a third of those cuts came from state universities, even though higher education makes up only 12% of the state’s General Fund expenditures. As the *Arizona Daily Star* put it, “While about half of the state budget goes to state aid to public schools, most of that is legally off-limits to cuts. That left higher education to bear the brunt of the slashing.”<sup>lvi</sup>

ASU President Michael Crow described the \$18 million in cuts imposed by the state as “among the most severe ever made to a current operating budget for a state university” and pointed out that they would force the school to leave 70 faculty positions unfilled<sup>lvii</sup>. The *Tucson Citizen* reported on November 28 that “The immediate task for UA leaders is to scrape together roughly \$17 million to return to the state this budget year, which ends June 30. The cut... came on the heels of a 5.9 percent reduction in April.”<sup>lviii</sup> And the *Arizona Daily Sun* reported on November 27 that, “The combined state

**Corrections vs. State Universities (2002-2003)**



appropriation cuts will result in an 11 percent reduction to [Northern Arizona University's] state allocation."<sup>lix</sup>

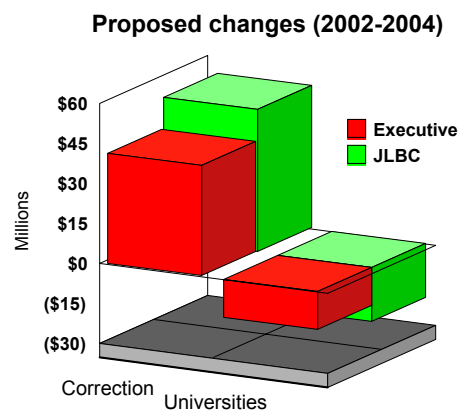
The FY 2003 cuts pushed the state university system to the brink, leading Crow to warn that, "Everything has been sold or deferred that can be'... Further cuts will come on the size and scale of whole schools... and they will come in 'real time, without discussion, because there will be no time for discussion.'"<sup>lx</sup> Yet while universities took a net cut of \$20 million from FY 2002 to FY 2003, the Governor and Legislature allowed corrections to keep a \$29 million increase allotted in the original FY 2003 budget.

#### - FY 2004

With just a few months left until the end of the current fiscal year, the Governor and Legislature are now trying to tackle the looming \$1 billion FY 2004 deficit. In order to avoid further, damaging cuts to higher education and other critical state services, Governor Napolitano has proposed eliminating the bulk of the FY 2004 deficit through a combination of accounting changes and state borrowing. The Legislature's counter-proposal emphasizes asset-sales and major cuts in state programs. Both plans are outlined in the Joint Legislative Budget Committee's "Proposed FY 2004 Budget by Individual Agency - January 2003" and "Comparison of Major Policy Issues- FY 2004 Budget- JLBC and Executive Recommendations- March 4, 2003."

While there are significant differences between Executive and JLBC FY 2004 budget proposals, both plans would leave state universities with significantly less per student than they received from the General Fund in FY 2003. While the Executive and JLBC budgets project healthy increases in enrollment (3.1% and 4% respectively), neither provides the universities with enough funding to keep pace, much less to remedy deep cuts made in FY 2003. Furthermore, both proposals would bring spending on state universities to the lowest level in at least 25 years—approximately \$130.03 and \$128.92, respectively, on an inflation-adjusted per capita basis.

The Governor's proposal provides an amount \$6 million (0.8%) higher than the university system received from the General Fund in FY 2003, but still \$13.5 million below the FY 2002 appropriation. With the projected increase in enrollment, Arizona's state universities would receive \$796 less per student than in 2002. The Legislature, meanwhile, proposes a \$1.6 million decrease from FY 2003, while projecting a bigger jump in enrollment. Under this plan, state universities would be working with \$921 less per student than in 2002.



The same cannot be said of corrections spending, which will grow significantly under either proposal. Under the Governor's plan, corrections would receive an additional \$12.5 million, or 2%, over FY 2003 (\$45.1 million over FY 2002). The Legislature has proposed a larger, \$24.5 million (3.8%) increase over FY 2003, which would put corrections \$53 million above 2002 levels.

**Finding #11: Proposed changes to the state university, including the recently enacted 39% tuition hike, will greatly restrict access to higher education for Arizonans unless the state makes a commitment to providing meaningful financial aid.**

To address the crisis in state university funding and, at least in principle, to address a critical shortage of financial aid dollars, Arizona's Board of Regents recently approved a record 39% tuition increase for in-state undergraduates<sup>lxi</sup>. In theory, the increase will actually make the state universities more affordable while also plugging budget holes. ASU's President Crow predicts, for example, that the hike could generate "\$20 million to \$25 million in new financial aid dollars and \$25 million to \$30 million in new money to invest in programs."<sup>lxii</sup> At UA, the plan is supposed to "pump nearly \$13 million, or 40 percent more, into financial aid for undergraduates and put \$19 million back into the University of Arizona."<sup>lxiii</sup> And at NAU, it would "bring in an extra \$12 million a year"<sup>lxiv</sup>.



Unfortunately, there are some catches. First, the success of the plan will depend greatly on the level of need, and as the regents have pointed out, “the definition of “needy” can depend on how numbers are crunched.”<sup>lxv</sup> Middle-income families, who may not be considered “needy” for purposes of financial aid, could be squeezed hard by the tuition hike. The *Arizona Daily Star* reports that, “many families have a hard time with unexpected expenses. The middle class has been hit hard by rising health costs, and many families are financially overextended... baby boomers trying to put their children through college are also taking on the responsibilities of their aging parents.”<sup>lxvi</sup>

Second, the success of the plan depends on whether new funds really go to financial aid or are instead used to offset further cuts in state appropriations. Rick Kroc, director of assessment and enrollment research for the University of Arizona cautions that, “some universities that have substantially raised tuition in the past have failed to become more affordable to those in financial need because they didn’t allocate sufficient funds toward financial aid. ‘There are so many different uses (of tuition money) that it takes a lot of integrity to follow-through and use it for financial aid,’ Kroc said.”<sup>lxvii</sup>

The question of follow-through will depend as much on buy-in from the Governor and Legislature, who will be tempted to use the entire tuition hike to reduce the state’s yawning deficit. At the level of the Legislature, there is good reason to be concerned. For example, the *Arizona Republic* reported on November 21 that “State Sen. Randall Gnant, R-Scottsdale, the outgoing Senate president, was not optimistic about increased financial aid. ‘I don’t know that the next Legislature could make that promise, because of the severity of the budget adjustments they’re going to have to make,’ he said.”<sup>lxviii</sup> In its proposed budget for FY 2004, the Joint Legislative Budget Committee actually proposes a \$1.1 million dollar cut to financial aid, as well as elimination of state aid for undergraduates with over 140 hours, an additional reduction of \$6.2 million<sup>lxix</sup>.

Without additional financial aid, however, a system that already trails the nation in affordability could become inaccessible to low-income and even middle-class students. And the tuition increase is just the tip of the iceberg. Elements of the “Changing Directions” proposal for the future of state university system may have the unintended effect of further limiting access to higher education. These changes include:

- Making “a greater number of undergraduate programs... highly selective.”<sup>lxx</sup> As the *Arizona Republic* points out, it’s possible that “tougher admissions standards and specialization could become barriers to access.”<sup>lxxi</sup>
- Eliminating duplication of programs among the universities through increased specialization. According to *The Daily Star*, this may have the unintended effect of forcing students to live move away from home in order to enroll in the program to which they’re most suited, further increasing costs<sup>lxxii</sup>.

**Finding #12: In FY 2004, the state plans to build two new private prisons—a move that is likely to cost far more than has been anticipated, and which could cripple the state’s long-term ability to support education and other social programs while maintaining a balanced budget.**

It’s difficult to imagine lawmakers embarking on another round of prison expansion when many states are scrambling for ways to cut prison populations in order to cope with similarly large deficits. However, the Legislature has already authorized the Arizona’s Department of Corrections to contract for the private construction, financing and operation of two new facilities: a 1,400-bed private DWI prison and a 3,200-bed women’s prison.

Because the prisons will be built and operated by private companies, many lawmakers view them as a source of savings. However, it’s important to keep in mind that these are not actual cost-savings created by replacing costly public facilities with cheaper private ones; the public prisons will continue to operate as before, at the same cost to taxpayers. Instead, these are hypothetical cost-savings created comparing the private prisons to projected cost of new public prisons that the state might have built if it didn’t contract out.

But given the size of the state’s budget deficit, and the reluctance of the Republican leadership to authorize additional state debt, it is by no means clear that the state could or would build 4,600 additional beds on its own dime. In a different scenario, the decision not to privatize might actually lead the state to pursue a much cheaper alternative to the proposed prisons (i.e. drug treatment, community corrections, etc.). Furthermore, the most generous estimate of the cost-savings that could be realized through privatization (roughly 12%) is dwarfed by the total cost of building and running 4,600 new beds, whether private or public. In other words, even if new private prisons were “cheaper” than new public prisons, they will be anything but cheap.

Because the state is currently in the process of soliciting bids from private operators, the Arizona Department of Corrections will not provide a public estimate of what the new private prisons are likely to cost the state to operate. One press account suggests that the bill for the women’s facility will be between \$35 million and \$40 million annually<sup>lxxiii</sup>. However, in order to arrive at the figure, the prison would have to operate at per diems far below those of existing private prisons. Using ADC data, we have projected possible costs using two different sets of assumptions.

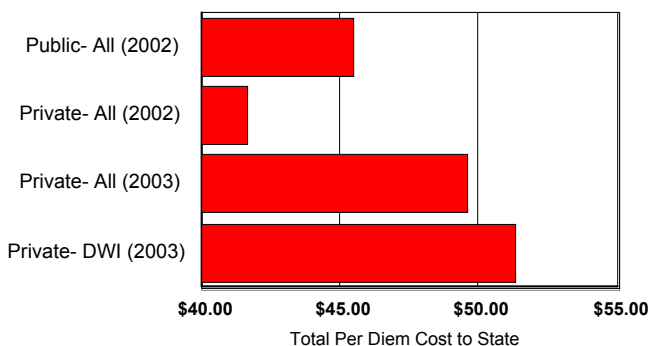
**Scenario #1: 8% savings over the cost of comparable public beds.** In a 2001 report, Arizona’s Auditor General found that private prisons achieved significant cost-savings while operating up to the same standards as public prisons. Based on a comparison with state-run prisons that held “Level 2” prisoners (the security level of prisoners held in state-contracted private facilities), the Auditor General determined that the private facilities cost the state 12% less to operate. The Arizona Department of Corrections’ Fiscal Year 2002 budget workbook also shows total per diem costs for private prisons (including the cost of state oversight) that were 12% below the average for public Level 2 facilities (\$41.68 for privates versus \$47.34 for public Level 2s).

However, the ADC’s 12% figure is derived by comparing private facilities, which currently house only men, to public facilities that house both men and women. Since the state spent roughly a third more on the women’s facilities (\$60.20 per person per day, compared to \$45.52 for the men’s), this method inflates the apparent cost of the public prisons. A more realistic comparison between private prisons and male Level 2 facilities yields apparent savings of 8% over public operations.

If we assume that the new private prisons achieve the same results existing private prisons achieved in 1999 and 2002, 8% cost savings over public facilities housing similar prisoners, then we can expect a per diem cost for the 1,400-bed DWI prison that approximates the FY 2002 numbers. Using the FY 2002 average per diem for private prisons (\$41.68), we come up with a total operating cost of \$21.3 million a year. By applying the same 8% savings figure to the existing cost of state-run women’s Level 2 facilities, we come up with a projected per diem of \$55.38, and an annual operating cost of \$64.7 million. This brings the total annual operating cost of the new prisons to \$86 million.

**Scenario #2: Costs at or slightly above the cost of comparable public beds, based on recently renegotiated contract rates at existing private prisons.** The first scenario was developed using per diem cost figures from FY 2002. However, under recently renegotiated contracts, rates at two of the state’s three private prisons shot up by 20% to 40%. Assuming that the per diem costs the state incurs to oversee the private prison program remain unchanged, the average total cost to the state of private operations will be \$49.63 per prisoner per day.

Public vs. Private (Male Level 2)



Since average per diem costs across the entire state prison system have been increasing by an average of just 2.1% a year since 1986, we can anticipate that the average cost for public Level 2s in FY 2003 will be about \$48.34, and the average for male Level 2s will be about \$46.47.

In other words, the state is now spending more to contract with private operators than it spends to run its own Level 2 facilities. Since the new contract

rates were based on a competitive bidding process, it seems reasonable to assume that the “market” cost of private prisons has gone up substantially since the state first began to privatize. This means that private operators will probably want at least as much to operate the new 1,400-bed DWI prison (which will house Level 3 and Level 4 prisoners) as the state pays for the existing private DWI facilities (which house only Level 2 prisoners). Since the average for total per diem cost for private DWI facilities is now \$51.38, this translates into an annual operating cost of \$26.3 million for the new 1,400-bed prison.

It is difficult to assess what the new private per diems—which are 6.8% higher than the cost of comparable public male facilities—mean for the new women’s prison. Certainly, they give us no reason to believe the state will pay any less for private women’s beds than it currently pays for its own female beds. Using the FY 2002 cost figure for women’s prisons (\$60.20), we estimate that the total cost could be in the neighborhood of \$70 million. This would bring the total annual cost of the new facilities to nearly \$100 million.

While the figure could be lower, there are also many factors that could push it higher. Whereas existing private prison handle only Level 2 prisoners, the new DWI prison will handle Level 3 and Level 4 prisoners, while the women’s prison will house women all the way up to Level 5. Furthermore, where existing private prisons receive a relatively select population of offenders, the new prisons will have to take all women and DWI offenders. Both of these facts will make the job considerably harder, potentially increasing costs further.

Neither the Governor nor the Legislature have specified how they plan to come up with additional tens of millions for new prisons. Because the full cost will not be felt until both prisons are fully operational in FY 2005, the issue has been virtually absent from the current debate. But there is little reason to believe that the state will have \$100 million, or even \$60 million, to spare in 2005; and based on 24 years of budget history and the state’s current fiscal situation, it is not unreasonable to assume that the money will eventually come straight out of public universities.

**Finding #13: The proposed financing mechanism for the new facilities is a costly, and potentially risky, form of “back-door” borrowing that will tie the state to millions of dollars in prison debt for the next twenty years and could endanger its long-term fiscal health.**

When Arizona first began to privatize, private investors were willing to take on the risk involved in building new facilities. In the late 1990s, however, investors reassessed the risks as private prison stocks plummeted. Today, private prison companies are increasingly dependent on borrowing, and their lenders have actively discouraged them from tying up capital in costly new prisons. As a result, private prison companies have increasingly tried to push the ownership of facilities back onto government and municipal bond buyers.

According to minutes of a January 11, 2000 hearing of the Arizona House of Representatives’ Committee on Public Institutions and Universities, CSC President and CEO James Slattery “explained that the role of the private sector is to help the elected officials maximize tax payers’ dollars by focusing resources on a particular population need and by transferring the risk involved with financing that sort of operations to the private sector by making sure that there is no lack of focus on safety and security.” (Emphasis added.)

Slattery’s argument about “transferring the risk involved with financing that sort of operations” made sense at the time he made it: When its state-contracted prisons were built, CSC took on the “risk” associated with the project by financing them on its own credit line. While “renting” CSC-owned prisons carried some risk for the state (i.e. having to find hundreds of new beds quickly in the event of bankruptcy or operational crisis), CSC’s ownership of the facilities also gave the Department of Corrections leverage with the company. After all, if the state pulled out, CSC could end up paying debt service on an empty facility.

On July 1, 2002, however, shortly after receiving a new 20-year contract with Department of Corrections, CSC sold its Phoenix West facility to the Maricopa County Industrial Development Authority, which issued \$11 million in municipal bonds to finance the purchase. Five months later, on December 1, CSC sold its Florence

West facility to the Pinal County Industrial Development Authority, which issued \$15.4 million in bonds for the acquisition. In a company *Business Wire* release on the Florence West sale, Slattery announced that the sale “completes our plan to sell the company's major real estate assets and use the proceeds to eliminate our bank debt.”<sup>lxxiv</sup> (Emphasis added.)

### **Back-Door Borrowing for Strapped State Governments**

Apparently, Slattery decided that it was no longer in CSC’s interest to assume the “risk” associated with owning private prisons in Arizona. However, the decision was not CSC’s alone, since Arizona’s Department of Corrections also signed off on the package. For the ADC, revenue bond financing was part of a larger move from a straight lease, to a lease with a “purchase option”; in other words, instead of simply renting the use of the facilities, the ADC is now “renting-to-own.” The Department could reasonably argue that, since the Arizona will end up covering debt service costs anyway through operating contracts, the state might as well own the facility once the debt has been paid off.

But the “purchase option” raises questions about whether the 20-year contracts the state recently signed with CSC are merely operating contracts, or a disguised form of state debt for the acquisition of what will effectively be two additional state-owned prisons.

Arizona would not be the first state to use privatization as a mask for “off-the-books” prison borrowing. Prisons are expensive to build and, despite the popularity of “tough-on-crime” political rhetoric, voters have not been willing to see their taxes increased to pay for prison construction. By supplying, or arranging, financing for new prisons, private prisons have allowed politicians in many states to “charge up” hundreds of millions in prison debt without going to the voters (through a bond referenda) or having the debt appear on the state’s books.

In theory, of course, Arizona can walk away from the contracts and the debt on the facilities at any time, since the failure of the Legislature to appropriate funds renders the contract null and void. In the event that Arizona decides to terminate its contracts, CSC, too, will be able to walk away, since the company no longer holds the debt for the prisons. This leaves the county development authorities and municipal bondholders to take the hit.

Unfortunately for the state, however, neither the development authority nor the shell company that “owns” the facility would have the means to pay the debt. As the Official Statement for the Phoenix West bonds makes clear, the financing for the facility is based entirely on the 20-year contract with the Department of Corrections

The Borrower has no operating history, no historical earnings [and] no significant assets other than the Project... The Borrower is wholly dependent upon payments from the Department [of Corrections] under the Contract or from funds made available under the Indenture to meet its obligations under the Loan Agreement and Note.<sup>lxxv</sup>

This leaves the bondholders who, unfortunately, have some very powerful friends—including the bond insurers (in this case ACA Financial Guaranty), who will be out a lot of money in the event of a default, and the rating agencies, which police the bond markets. Although the insurers and rating agencies have no legal authority to force the legislature to appropriate funds, they can threaten to withdraw their “seal of approval”—a move that could cost the state millions in additional interest on all of its debt.

### **When is a Contract the Same As Debt? When the Bond Markets Say So.**

If this seems like an unlikely scenario, consider Louisiana, which contracted in the mid-1990s with businessmen affiliated with then Governor Edwin Edwards to build and operate a for-profit juvenile facility in Tallulah, LA. Within a few years, Tallulah became known as perhaps the worst juvenile facility in the nation, a place where children went hungry, wore filthy clothing and were frequently beaten by guards. At the end of the decade, scandals and court intervention persuaded the state to take over operation of the facility, which the state continued to rent from the owners (who had already paid themselves millions in “dividends” by refinancing the

facility). By last spring, it had become clear to legislators that 1) the abuse and problems, while lowered, continued to persist; and 2) the state had built too many secure juvenile beds.

However, just as the legislature was about to exercise its legal right to stop appropriations for Tallulah, the state received letters from Standard & Poor's and bond insurer Ambac warning that failure to appropriate funds would lead S & P to downgrade the state's debt rating.

When trying to pull the financial plug in the spring on a juvenile prison they viewed as a boondoggle, Louisiana legislators got some shocking news: to quit financing the prison, which was privately owned but paid for with state-backed bonds, would put Louisiana's bond rating at risk... Now some of the state's highest-ranking public officials are trying to determine whether Louisiana has more unpleasant surprises like Tallulah waiting in the wings.<sup>lxxvi</sup>

The case of Tallulah could have tremendous implications for Arizona. Not only could the state be held responsible by the bond markets for debt associated with Phoenix West and Florence West (a total of about \$26 million), but the state could also be on the hook for tens of millions of dollars in debt associated with the new prisons, which will be financed through the same mechanism. Dominion, which has proposed to build the DUI facility near Kingman, has already "sought and received support from the Mohave County's Industrial Development Authority (IDA) Tuesday in the way of a "preliminary resolution" for \$60 million in bonds to finance the project. With IDA approval, the Oklahoma-based developer can now have their tax-free municipal bonds rated and prepared for sale, Hargrove said.<sup>lxxvii</sup>

Arizona is particularly ill-equipped to take on back-door prison debt at a moment when both the Governor and the Legislature are seeking to resolve a record \$1 billion deficit with one-shot mechanisms such as borrowing, asset sales and accounting changes to erase a large part of the deficit. Reliance on one-shot deals to resolve the 2004 deficit means that, in the best-case scenario, the state will be carrying heavier burdens in coming years; and in the worst-case scenario, next year's budget crisis could be even worse than this year's.

**Finding #14: A decision to prioritize funding new private prisons over public higher education could have profound consequences for the state as it confronts a slowing economy and adapts to growth in both the Latino population and the number of graduating high school students.**

Failure to provide adequate support to education could have negative consequences for the state's economy, in both the short and long term. In the short-term, cuts to higher education will have an immediate impact on local economies, especially in Flagstaff, which relies on state university jobs as a source of income.

As a city heavily dependent on state employment—there are 2,500 jobs alone at Northern Arizona University—Flagstaff should be more than a little worried about what is coming down the pike. The loss of even one campus job ripples through the economy of a small city much more heavily than in, say, Phoenix or Tucson.<sup>lxxviii</sup>

Flagstaff and the surrounding areas did not enjoy the benefits of did not enjoy the benefits of economic growth felt in other parts of the state during the 1990s<sup>lxxix</sup>, and more recently, the city has been hard-hit by a decline in tourism<sup>lxxx</sup>. Further cuts to higher education will result in additional layoffs, making the prospect of economic recovery more remote. And Flagstaff's is not the only economy that will be hurt by cuts to higher education. According to the Arizona Board of Regents, "Recent economic studies put the total economic impact of the three universities at more than \$3.6 billion a year."<sup>lxxxii</sup>

In addition to pumping hundreds of millions into local economies in the short term, Arizona's state universities also promote long-term economic growth by creating a healthy climate for business. As ASU's Crow concludes: "It took decades to get where we are. If that fundamental engine is dismantled, the consequences to the entire state are incalculable."<sup>lxxxii</sup>

Aside from weakening the state's economy, a decision to prioritize new prisons over investment in education will have profound consequences for a fast-growing population of young people, an increasing percentage of

which is Latino/a. The quality of higher education in Arizona is already at risk. Tight operating budgets have forced administrators to cut class sections and whole programs even as enrollment grows, and the state's largest campus is riddled with crumbling buildings in desperate need of repair.

Rapid growth in the number of high-school graduates will put even greater pressure on an overburdened system. Between 1998 and 2010, according to "Measuring Up", the number of high-school graduates in Arizona is expected to grow by 33.8%, compared to a national average of 9.5%<sup>lxxxiii</sup>. Given the fact that the state gets a "D minus" for affordability and is tied with Mississippi for 44<sup>th</sup>/45<sup>th</sup> place in a state ranking of high school students' preparedness for college, it would make sense for the state to be investing heavily in college preparation and higher education to ensure that as many graduates as possible can obtain college degrees. Instead, Arizona plans to invest in private prisons.

In a very real way, the state must decide whether it wants to prepare for new graduates by fixing crumbling classrooms or building more prison bars—especially Latino graduates who are currently overrepresented in the state's prisons and underrepresented in its universities.

**Finding #15: The state of Mississippi, which falls near Arizona on a variety of national higher education-related rankings, embarked on a similarly ambitious program of private prison expansion between 1995 and 2001. The result was a costly system that not only prevented the state from meeting critical education shortfalls but also failed to meet its corrections needs.**

Like Arizona, the state of Mississippi first began contracting with private prison companies in the mid-1990s. At the time, private prisons were seen as a way to relieve the state's overcrowding crisis. State officials hoped that private prisons would help save money and, equally important, "furnish beds much more quickly than the state could."<sup>lxxxiv</sup>

The private operators were able to build more beds quickly, however that fact turned out to be less of a blessing than a curse. Tempted by the easy availability of new beds, Mississippi lawmakers passed a "truth in sentencing" law that forced felons to serve 85 percent of their sentence. Last June, the *Clarion Ledger* reported that, largely as a result of the law, "The prison population ballooned from 12,474 in 1995 to 19,186 as of [June 18, 2002]. So did the corrections budget, going from \$119 million in 1995 to \$254.2 million in 2003."<sup>lxxxv</sup>

The decision to privatize not only fueled expansion, but also locked Mississippi into 20-year contracts that did not fit the state's corrections needs. In 2001, Mississippi found itself with "a prison system that already had too many of the wrong kind of beds and not enough of the right ones. The state has an excess of medium-security beds for male inmates and a shortage of maximum-security beds for female prisoners and those who are mentally disturbed."<sup>lxxxvi</sup>

Mississippi's Department of Corrections calculated that it would be significantly cheaper to move prisoners from private facilities into empty public beds, since the "marginal cost" of using the state beds was \$9 per prisoner per day, compared to contract rates of \$25 to \$34 at private prisons and regional jails. Unfortunately, many legislators had become less concerned with saving tax dollars than with protecting jobs at private prisons and protecting company profits.

The National Institute on Money in State Politics described the situation as "a major shift in prison-privatization policy." "No longer were advocates in Mississippi arguing over how much money privatization would save taxpayers," an institute report said. "Instead, they argued that taxpayer subsidies were necessary in hard economic times to keep existing prison jobs. The fact that these subsidies would ensure corporate profits went unspoken."<sup>lxxxvii</sup>

***"Somebody's got to pay for this prison out here. That's a \$22 million investment."***  
- MS State Sen. Bunky Huggins

Efforts to scale back private prison contracts were met with stiff resistance in the Legislature, which voted to increase payments to private prisons and "included in the Department of Corrections' budget language that

guaranteed the private prisons be paid in full while other agencies, including state-run prisons, [could] be underfunded.”<sup>lxxxviii</sup> As the *Clarion-Ledger* observed, “Six years later, the cure has helped produce a new crisis—2,621 state-owned empty beds.”<sup>lxxxix</sup>

In the end, rather than being cheaper and more flexible, Mississippi’s private prisons were less flexible and more expensive. As in other states, the costs have been borne by students and their parents, as Attorney General Mike Moore, one of the plan’s architects, “acknowledges that the bailout plan he helped to design has snowballed amid a lack of long-term planning. Education is paying the price, he said.”<sup>xc</sup> (Emphasis added.)

Grassroots Leadership’s report, “Education v. Incarceration: A Mississippi Case Study”, found that per capita spending on corrections rose by 115% between 1989 and 1998, while higher education spending rose less than one percent<sup>xcii</sup>. The decision to invest in prisons rather than universities has had serious consequences for residents. In 2002, Mississippi’s College Board “hiked tuition 8 percent for the 2002-2003 school year”<sup>xciii</sup>; and “[p]ublic schools will begin fiscal 2003 with a \$60 million deficit in state funds. State colleges and universities have been cut \$98 million over the past three years, resulting in a 30 percent increase in tuition since 1995 and the loss of 219 tenured faculty positions.”<sup>xciii</sup>

The news from Mississippi is not all bad, however; lawmakers have already begun to take steps to reduce the financial and social cost of uncontrolled prison expansion. In 2001, the state moved to restore parole eligibility, which had been eliminated under the state’s Truth In Sentencing law, to nonviolent first offenders. By the end of the year, over 2,000 prisoners were eligible to be considered for parole<sup>xciv</sup>. And shortly after the release of Grassroots Leadership’s report, Governor Ronnie Musgrove terminated the state’s contract with Corrections Corporation of America for the use of Delta Correctional Facility.

Mississippi Bound: Is Arizona about to repeat another state’s costly mistake?		
Indicators	Mississippi 1995-2001	Arizona 2002-2005 (Proposed)
Growth in private beds	Nearly 300%	317%
Private prison budget	\$54.7 million (2002) <sup>xcv</sup>	~\$130 million (2005)
Number of private prisons	5 (2001)	5 (2005)
Annual growth in incarceration	~ 8%, (12,474 to 19,186)	~ 6.5% (25,916 to 30,825)
Female incarceration rate	113 per 100,000 (2001)	100 per 100,000 (2005 est.)
Annual growth in female incarceration rate	14.9%	17% (est.)
Percent of beds privately operated	16.9% (3,634 prisoners)	20% (6,050 prisoners)
State university tuition increase	30%	39%+
High Ed Report Card: Affordability	D- (2002)	D (2002)
High Ed Report Card: College Prep	D (2002)	D (2002)
Cuts to higher education	\$98 million (1999-2002)	\$40 million (2003)

**Finding #15: By following the lead of other states and investing in alternatives to incarceration, Arizona could not only eliminate the need for new prison beds, but also do more to enhance public safety and build strong communities.**

There is no reason for Arizona to descend into the hole from which Mississippi is now trying to extricate itself. Around the country, state policymakers have come to the conclusion that they do not need, and cannot afford, continued prison growth. As the President of Oklahoma's State Senate put it, "Oklahoma has always prided itself on being a law-and-order state. Now we've got more law and order than we can afford."<sup>xcvii</sup>

In "Cutting Correctly," Greene and Shiraldi observe that states around the country have responded to fiscal crises by finding more effective, less costly approaches to crime, and that in many cases, conservatives are leading the way. "Some states around the country have already responded to the fiscal crisis with prison closures and/or downsizing. Confident that closing prisons will not pose any great risk to public safety, and struggling to bridge their budget gaps, Republican governors in four states have decided to close prisons."<sup>xcviii</sup>

The strategies states have adopted include returning discretion to judges and reducing nonviolent prisoner populations; drug policy reform; comprehensive sentencing reform; and parole reform. It is not within the scope of the report to provide a comprehensive plan for criminal justice reform in Arizona—that is a task better left up to the state's new Sentencing Commission, which could be charged by the Governor and Legislature with task of developing a plan to stabilize the state's prison population. The following, however, is a sampling of strategies adopted by other states that could be applied to Arizona. Which strategies should be adopted is a question the state can answer once it gets serious, as other states have, about the need to control its prison population.

- Mississippi: Through modest reforms to the state's "truth in sentencing" law that targeted nonviolent first offenders, Mississippi made 2,000 prisoners (nearly 10% of the population) eligible for parole by the end of 2001. If just a quarter of Arizona's nonviolent first offenders were made eligible for parole, the state could free up to 2,000 beds for more serious offenders, while providing greater opportunities for offenders to be successfully reintegrated back into communities.
- New York: One of the states that has opted out of a ban on using federal Temporary Assistance for Needy Families (TANF) funds for drug offenders, New York has allocated \$5 million of unspent TANF funds to divert offenders who are parents of dependent children from prison, and provide them with a range of rehabilitative services. A similar proposal, which would allow a limited number of nonviolent offenders to leave prison a month early and then provide them with transitional services, has been introduced in the Arizona Legislature by State Senator Mark Anderson
- Oklahoma: In Oklahoma, whose prison population is slightly smaller than Arizona's, "Gov. Frank Keating, a conservative Republican who added 1,000 new inmates a year to the state's once small prison system, has asked the Pardon and Parole Board to find 1,000 nonviolent inmates to release early as a result of the state's budget crisis."<sup>xcviii</sup>
- Virginia: The state of Virginia has initiated a conditional release program for elderly prisoners. According to the National Center for Institutions and Alternatives, the average cost of incarcerating elderly prisoners—many of whom have "aged-out" of their crime-prone years—is over three times the cost of incarcerating younger prisoners. Arizona currently has 1,192 prisoners over age 55.
- Texas: At the beginning of 2000, 1,062 offenders were re-committed to Texas prisons each month, on average, because of parole revocations. Since most revocations are based on technical violations rather than new crimes, the state responded by urging parole agents "to make more



use of effective alternatives to parole revocation, utilizing intermediate sanction facilities and other preventive measures to handle parolees who were doing poorly under community supervision.” By the middle of the year, the rate of parole revocations fell by 26%. In FY 2001, 3,267 prisoners were admitted under the category of “Released Violator Returned.” A similar reduction in revocations for this population would have resulted in 849 fewer admissions in 2001.

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## Endnotes:

- <sup>i</sup> “Debt to Society” (MotherJones.com Special Report.) June 26, 2001.
- <sup>ii</sup> “Inmate Statistics.” (Arizona Department of Corrections) <http://www.adc.state.az.us/Who.htm>.
- <sup>iii</sup> U.S. Census Bureau.
- <sup>iv</sup> “Prisoners in 2001.” Beck, Allen and Paige Harrison (Bureau of Justice Statistics). July 30, 2002.
- <sup>v</sup> “Prisoners in 2001.” Beck, Allen and Paige Harrison (Bureau of Justice Statistics). July 30, 2002.
- <sup>vi</sup> “Cutting Correctly: New Prison Policies for Times of Fiscal Crisis.” Greene, Judith and Vincent Schiraldi (Justice Policy Institute). February 7, 2002.
- <sup>vii</sup> “Cutting Correctly: New Prison Policies for Times of Fiscal Crisis.” Greene, Judith and Vincent Schiraldi (Justice Policy Institute). February 7, 2002.
- <sup>viii</sup> “Cutting Correctly: New Prison Policies for Times of Fiscal Crisis.” Greene, Judith and Vincent Schiraldi (Justice Policy Institute). February 7, 2002.
- <sup>ix</sup> Christian Science Monitor. January, 2003. ([www.justicepolicy.org](http://www.justicepolicy.org))
- <sup>x</sup> “Prisoners in 2001.” Beck, Allen and Paige Harrison (Bureau of Justice Statistics). July 30, 2002.
- <sup>xi</sup> “Fiscal Year 2003 Appropriations Report: State Department of Corrections”
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- <sup>xiii</sup> “Inmate Statistics.” (Arizona Department of Corrections) <http://www.adc.state.az.us/Who.htm>.
- <sup>xiv</sup> “Inmate Statistics.” (Arizona Department of Corrections) <http://www.adc.state.az.us/Who.htm>. “\*Repeat Offenders are those who have one or more prior adult Arizona commitments. Violent Offenders includes those committed for Homicide, Kidnapping, Sexual Assault, Robbery, Assault and Other Sex Offenses. Data not comparable to that published in previous years.”
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- <sup>xvi</sup> “FY 2001 Statistical Information.” Arizona Department of Corrections. June 30, 2001.
- <sup>xvii</sup> “Inmate Statistics.” (Arizona Department of Corrections) <http://www.adc.state.az.us/Who.htm>.
- <sup>xviii</sup> “Prisoners in 2001.” Beck, Allen and Paige Harrison (Bureau of Justice Statistics). July 30, 2002.
- <sup>xix</sup> “Prisoners in 2001.” Beck, Allen and Paige Harrison (Bureau of Justice Statistics). July 30, 2002.
- <sup>xx</sup> “Lawmakers back plan for 3,200-bed prison for state’s female inmates.” Davenport, Paul. Associated Press, December 19, 2002.
- <sup>xxi</sup> “Prisoners in 2001.” Beck, Allen and Paige Harrison (Bureau of Justice Statistics). July 30, 2002.
- <sup>xxii</sup> “Inmate Statistics.” (Arizona Department of Corrections) <http://www.adc.state.az.us/Who.htm>.
- <sup>xxiii</sup> “Cutting Correctly: New Prison Policies for Times of Fiscal Crisis.” Greene, Judith and Vincent Schiraldi (Justice Policy Institute). February 7, 2002.
- <sup>xxiv</sup> U.S. Census Bureau ([www.factfinder.census.gov](http://www.factfinder.census.gov))
- <sup>xxv</sup> “Masking the Divide: How Officially Reported Prison Statistics Distort the Racial and Ethnic Realities of Prison Growth.” Holman, Barry (“Masking the Divide: How Officially Reported Prison Statistics Distort the Racial and Ethnic Realities of Prison Growth.” Holman, Barry (National Center for Institutions and Alternatives). May 2000.). May 2000.
- <sup>xxvi</sup> The National Center for Institutions and Alternatives’ method for determining rates of incarceration differs from the method used by the Bureau of Justice Statistics. NCIA reports the number of persons incarcerated per 100,000 adults rather than per 100,000 residents. Since African American and Latino populations include a higher percentage of youth who are largely not eligible to be incarcerated in adult prisons, NCIA’s method allows a more accurate comparison of incarceration rates for whites, African Americans and Latinos/as.
- <sup>xxvii</sup> “Inmate Statistics.” (Arizona Department of Corrections) <http://www.adc.state.az.us/Who.htm>.
- <sup>xxviii</sup> “Masking the Divide: How Officially Reported Prison Statistics Distort the Racial and Ethnic Realities of Prison Growth.” Holman, Barry (National Center for Institutions and Alternatives). May 2000.
- <sup>xxix</sup> “Masking the Divide: How Officially Reported Prison Statistics Distort the Racial and Ethnic Realities of Prison Growth.” Holman, Barry (National Center for Institutions and Alternatives). May 2000.

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- <sup>xxx</sup> ADC reports in its FY 2000 statistics that the state had 8,824 prisoners of “Spanish Origin,” while the U.S. Census Bureau count of adult Latinos/as for 2000 was 802,474, generating an incarceration rate of 1,100 per 100,000 adults.
- <sup>xxxI</sup> “Inmate Statistics.” (Arizona Department of Corrections) <http://www.adc.state.az.us/Who.htm>.
- <sup>xxxII</sup> “Projected State Populations, by Sex, Race, and Hispanic Origin: 1995-2025” U.S. Census Bureau. <http://www.census.gov/population/projections/state/stpjrace.txt>
- <sup>xxxIII</sup> “Diminishing Returns: Crime and Incarceration in the 1990s.” Gainsborough, Jenni and Marc Mauer (The Sentencing Project). September 2000.
- <sup>xxxIV</sup> “Diminishing Returns: Crime and Incarceration in the 1990s.” Gainsborough, Jenni and Marc Mauer. The Sentencing Project. September 2000.
- <sup>xxxV</sup> Ibid. The authors also reject the idea that high crime rates drove above-average growth in prison populations: “Of the 20 states that increased their use of incarceration at above average rates between 1991 and 1998, 12 had below average crime rates at the start of the period.”
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- <sup>xxxVII</sup> “Majority of Americans Think U.S. Criminal Justice System is Broken, Ineffective; See Need for Change” Open Society Institute Press Release. February 13, 2002.
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- <sup>xl</sup> “The kids left behind.” Arizona Daily Star, January 1, 2002.
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- <sup>xlii</sup> The full series of reports can be found on the website of the Center on Juvenile and Criminal Justice ([www.cjcrj.org](http://www.cjcrj.org)).
- <sup>xliii</sup> “Class Dismissed: Higher Education vs. Corrections During the Wilson Years.” Macallair, Dan, Vincent Schiraldi and Khaled Taqi-Edden (Justice Policy Institute). September 1998.
- <sup>xliv</sup> “Gridlock on budget a definite possibility.” Sherwood, Robbie. AZ Republic, November 10, 2002.
- <sup>xlV</sup> Data on spending comes from the Joint Legislative Budget Committee website. Inflation-adjusted amounts have been derived using the Federal Reserve Board of Minneapolis CPI index. Per capita amounts are based where possible on U.S. Census Counts (1980, 1990 and 2000) and U.S. Census Estimates (1991-1999, 2001, 2002); however figures for 1979 and 1981-1989 assume linear growth between census counts, and estimates for 2003 and 2004 are based on population growth projections contained in the Executive Budget.
- <sup>xlvi</sup> All figures for Arizona corrections spending include both adult and juvenile corrections, unless otherwise specified.
- <sup>xlVII</sup> “UA holds town hall on diversity action plan.” Sandal, Inger. AZ Daily Star, November 7, 2002.
- <sup>xlVIII</sup> “Arizona to lose cheap tuition.” Flannery, Pat. AZ Republic, November 4, 2002.
- <sup>xlIX</sup> “Arizona University System: History of Tuition and Fees.” (AZ Board of Regents). June 2002.
- <sup>l</sup> “Editorial: Haeger’s ready for focused excellence—but who else?” AZ Daily Sun, November 3, 2002.
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- <sup>VI</sup> “Phoenix cuts deficit by \$220M; UA loses 5% more.” AZ Daily Star, November 26, 2002.
- <sup>VI</sup> “State must turn now to taxpayers.” Ducote, Richard. AZ Daily Star, November 24, 2002.
- <sup>VIII</sup> “UA seeks ways to save \$17M after budget cut.” Weslander, Eric. Tucson Citizen, November 28, 2002.
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- <sup>XIV</sup> “Haeger: Hike tuition 40 percent.” AZ Daily Sun, November 1, 2002.
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- <sup>lxxiii</sup> “Lawmakers back plan for 3,200-bed prison for state’s female inmates.” Davenport, Paul. Associated Press, December 19, 2002.
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