

ARIZONA CORRECTIONAL INDUSTRIES Annual Report – FY 2011

Dear Director Ryan:

In the past two annual reports, we reflected on the continuing impact of the recession and difficulties that many businesses face in a weak economy that is slow to recover. Despite these challenges, I am pleased to report that fiscal year 2011 was another year of solid accomplishments with record revenue and strong earnings. ACI's sales increased by 3.1% to \$34,137,476 and net income was \$2,840,576.

We continue to strive to keep inmates employed while providing them the opportunity to gain marketable job skills. In FY 2011, inmates worked a grand total of 3,508,321 hours. A total of 2,041 inmates were employed full or part-time at Fiscal Year End, which represents a 21% improvement over FY 2010. Inmate deductions totaled \$2,607,111 which includes room and board, family support, court ordered restitution, and victim's compensation.

During the past fiscal year ACI continued to focus on quality improvement. In April 2011, six senior managers earned a Purdue University Lean Six-Sigma Green Belt Certification. As we carry the tools learned back to the operating units, quality will continue to be the foundation for future growth at ACI.

Once again the Arizona State University WP Carey School of Business, Seidman Research Institute study, estimated the economic impact of ACI to the State of Arizona. This year the economic impact to the state was \$197,441,000, and resulted in the creation of 2,093 jobs in the private sector. During a time when unemployment hovers around 9%, adding jobs to the State of Arizona is a major accomplishment.

ACI's staff has grown to 142 full-time, and 3 part-time employees. Included in this number are 71 Industry Program Specialists (IPS) that support the Arizona Department of Corrections in maintaining the high security and safety standards that ADC requires. ACI fully covers the costs of security for work programs, which also reduces the number of Correctional Officers paid for by ADC.

In closing, we sincerely appreciate your leadership and support as ACI staff endeavor to achieve the Arizona Department of Corrections (ADC) mission.

Sincerely,



William Branson
CEO/Assistant Director