

SUBCOMMITTEE NO. 5

Agenda

Senator Loni Hancock, Chair
Senator Joel Anderson
Senator Curren D. Price, Jr.



Thursday, April 11, 2013
9:30 am or Upon Adjournment of Session
Room 113

Consultants: Joe Stephenshaw
Brady Van Engelen

Item Number and Title

Page

To be Heard

5225	California Department of Corrections and Rehabilitation	
	(1) Technical Budget Adjustment	4
	(2) Minor Capital Outlay Projects	5
	(3) Ironwood State Prison – Heating, Ventilation and Air Conditioning	6
	(4) Statewide Budget Packages and Advance Planning	7
	(5) DeWitt Nelson Correctional Annex	8
	(6) California Health Care Facility	9
	(7) Medical Management Nursing Staff	10
0820	California Department of Justice	
	(1) GRP2 Gambling Control Commission	14
	(2) Dealers’ Record of Sale Workload Increase	14
	(3) Dealers’ Record of Sale Customer Support Center	16
	(4) Pawnbrokers and Secondhand Dealers Fund	16
	(5) Data Sharing Working Group	17
	(6) Controlled Substance Utilization and Review System (CURES).....	18

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-651-1505. Requests should be made one week in advance whenever possible.

Items to be Heard

California Department of Corrections and Rehabilitation (5225)

Effective July 1, 2005, the California Department of Corrections and Rehabilitation (CDCR) was created pursuant to the Governor's Reorganization Plan No. 1 of 2005 and Chapter 10, Statutes of 2005 (SB 737, Romero). All departments that previously reported to the Youth and Adult Correctional Agency (YACA) were consolidated into CDCR and included the California Department of Corrections, Youth Authority (now the Division of Juvenile Justice), Board of Corrections (now the Corrections Standards Authority (CSA)), Board of Prison Terms, and the Commission on Correctional Peace Officers' Standards and Training (CPOST). Effective July 1, 2012, Chapter 36, Statutes of 2011 (SB 92, Committee on Budget and Fiscal Review) created the Board of State and Community Corrections ("BSCC"), which superseded the CSA.

The mission of the CDCR is to enhance public safety through safe and secure incarceration of offenders, effective parole supervision, and rehabilitative strategies to successfully reintegrate offenders into our communities.

The CDCR is organized into the following programs:

- Corrections and Rehabilitation Administration
- Juvenile: Operations and Offender Programs, Academic and Vocational Education, Health Care Services
- Adult Corrections and Rehabilitation Operations: Security, Inmate Support, Contracted Facilities, Institution Administration
- Parole Operations: Adult Supervision, Adult Community-Based Programs, Administration
- Board of Parole Hearings: Adult Hearings, Administration
- Adult: Education, Vocation, and Offender Programs, Education, Substance Abuse Programs, Inmate Activities, Administration
- Adult Health Care Services

The adult inmate average daily population is projected to decrease from 132,223 in 2012-13 to 128,605 in 2013-14, a decrease of 3,618 inmates, or 2.7 percent. The average daily parolee population is projected to decrease from 57,640 in 2012-13 to 42,958 in 2013-14. These decreases are primarily due to shifting the responsibility of short-term, lower-level offenders from the state to counties, pursuant to AB 109 (Committee on Budget), Chapter 15, Statutes of 2011, reductions in the number of felony probationers entering state prison, and the 2012 passage of Proposition 36, which revised California's "Three Strikes" law.

The Governor's Budget proposes \$8.97 billion and 59,736.2 positions for the CDCR in 2013-14. The following table shows CDCR's total operational expenditures and positions for 2011-12 through 2013-14.

(dollars in thousands)

Funding	2011-12	2012-13	2013-14
General Fund	\$9,206,232	\$8,662,460	\$8,694,201
General Fund, Prop 98	19,492	18,204	18,778
Other Funds	87,731	71,973	72,501
Reimbursements	107,394	179,469	179,897
Total	\$9,420,849	\$8,932,106	\$8,965,377
Positions	53,688.4	58,607.0	59,736.2

Issue 1 – Technical Budget Adjustment

Governor’s Proposal. The Governor’s Budget proposes a no-cost technical adjustment to CDCR’s items of appropriation to better align spending authority with program costs. This proposal moves \$1.5 million for the Family Liaison Services contract from Program 48 (Adult Education, Vocation and Offender Programs – Administration) to Program 29 (Adult – Institutions Administration), moves \$569,000 and an associated position for the LA County Court Contract from Program 29 to Program 31 (Parole Operations – Adult Community Based Programs), and moves \$1.9 million and 17 positions for the Parole Hearing Team (related to the Victims Bill of Rights Act of 2008 [Marcy’s Law]) and four positions associated with the *Armstrong* lawsuit (American with Disabilities Act (ADA) remedies) from the Office of Legal Affairs (OLA) to the Board of Parole Hearings (BPH).

Background.

Family Liaison Contract. The Family Liaison Contract provides services to inmates and their families, such as pre-release planning and communication with inmates’ families and friends. This contract is managed by the Division of Adult Institutions (DAI) and not the Division of Rehabilitative Programs, as such, funding for the contract is being realigned to the DAI.

LA County Court Contract. The LA County Court Contract provides services to parole violators as an alternative to incarceration. Because the contract provides services to parolees, it is better suited to be administered by Parole Operations, rather than DAI.

Board of Parole Hearings. With the passage of “Marcy’s Law”, the BPH is required to maintain an independent legal staff to establish an independent legal operation for the BPH. Consistent with this directive, a new Chief Counsel gubernatorial appointment to the Board was established. The primary functions of the ADA legal positions currently in OLA are to ensure the BPH is in compliance with the Armstrong Remedial Plan, including researching and analyzing source information concerning critical issues, monitoring and evaluating revocation units at institutions and county jails and assisting in ADA training. Transfer of the 21 total positions from the OLA will appropriately align the Chief Counsel’s managerial, personnel and budgetary authority over the unit.

Staff Comment. This proposal aligns expenditure authority with departmental operations and does not change the intended objectives of resource use.

Recommendation. Approve as budgeted.

Issue 2 – Minor Capital Outlay Projects

Governor’s Proposal. The Governor’s Budget proposes \$2.7 million in general obligation bond funds remaining in the 1988 Prison Construction Fund for the construction of five minor capital outlay improvements at CDCR’s adult and juvenile facilities.

Background.

Mule Creek State Prison, Central Control Staircase. The proposal includes \$600,000 to support the design and construction of an enclosed staircase to provide staff carrying weapons, tools and equipment with safe and secure roof access. The existing "ships ladder" poses safety concerns and has contributed to numerous staff injuries in the past.

N. A. Chaderjian Youth Correctional Facility, Install HVAC System in Housing Unit

I. The proposal includes \$600,000 to support the removal of the existing evaporative cooling system and the installation of a new HVAC system for Housing Unit I. This proposal moves toward compliance with a CDCR guideline requiring that mixed-use (inmate and staff) areas maintain a maximum indoor temperature of 89 degrees Fahrenheit. Further, the Administration contends that this HVAC upgrade is necessary to mitigate serious health concerns for the youth residing in this building who are taking heat-sensitive medications.

N. A. Chaderjian Youth Correctional Facility, Install HVAC System in Housing Unit

II. The proposal includes \$600,000 to support the removal of the existing evaporative cooling system and the installation of a new HVAC system for Housing Unit II. This proposal moves toward compliance with a CDCR guideline requiring that mixed-use (inmate and staff) areas maintain a maximum indoor temperature of 89 degrees Fahrenheit. Further, the Administration contends that this HVAC upgrade is necessary to mitigate serious health concerns for the youth residing in this building who are taking heat-sensitive medications.

California Correctional Center, Air Cooling Units, Sierra Unit.

The proposal includes \$442,000 to support the design and installation of an evaporative cooling system for the Sierra Living Unit. This proposal moves toward compliance with a CDCR guideline requiring that mixed-use (inmate and staff) areas maintain a maximum indoor temperature of 89 degrees Fahrenheit. Further, the Administration contends that this cooling system upgrade is necessary to mitigate serious, heat-related, health concerns for staff and inmates.

California Correctional Center, Air Cooling Units, Cascade Unit.

The proposal includes \$442,000 to support the design and installation of an evaporative cooling system for the Cascade Living Unit. This proposal moves toward compliance with a CDCR guideline requiring that mixed-use (inmate and staff) areas maintain a maximum indoor temperature of 89 degrees Fahrenheit. Further, the Administration contends that

this cooling system upgrade is necessary to mitigate serious, heat-related, health concerns for staff and inmates.

Staff Comment. These proposals are consistent with annual proposals from the CDCR to perform high priority minor capital outlay projects within adult and juvenile facilities statewide. For the most part, there have not been concerns raised with these proposals. However, the LAO has raised a concern regarding the costs of the Mule Creek staircase project. The LAO noted that of the \$600,000 in funding proposed for the project, about \$347,000 is for labor costs and \$253,000 is for materials and other expenses. Many of these costs, especially the labor costs, are directly the result of the project's total estimated timeline. This includes an assumption that the staircase and its protective security fencing will take 110 work-days, almost half a year, to install after they are fabricated.

Recommendation. Approve the minor capital outlay request. However, schedule the Mule Creek project out separately, which will allow for a Joint Legislative Budget Committee review period, at the completion of preliminary plans, to reevaluate the project's cost.

Issue 3 – Ironwood State Prison – Heating, Ventilation and Air Conditioning

Governor's Proposal. The Governor's Budget proposes \$5.4 million General Fund to support the Working Drawings phase of the Ironwood State Prison (ISP) HVAC project.

Background. In the late 1980s and early 1990s, the state built four prisons in the remote areas of Imperial County near Blythe and El Centro. Two of these prisons (ISP and Chuckwalla Valley State Prison [CVSP]) were constructed with an evaporative cooling system that prematurely deteriorated. The evaporative cooling systems installed were undersized and were not well adapted to the extreme temperatures in this area of the state. Furthermore, the systems were located on the roofs of the housing units and leaked and caused extensive damage to the roof and walls of the housing units, which could compromise the structural integrity of the building. Finally, the cooling units are not designed to generate enough air flow, which regularly results in housing unit temperatures in the summer that are well over the CDCR guideline of 92 degrees Fahrenheit.

In October of 2003, the department completed a Building Repairs Assessment Study. In the study, the current and proposed systems for both ISP and CVSP were amortized over a 30-year life-cycle to determine the most economical and practical system to support the environmental demands. The most practical, long-term, and economic solution was determined to be the installation of the centralized chiller plant system.

The scope of this project includes replacing the deteriorated "swamp cooler" cooling system at ISP through the construction of a central chill plant with an energy efficient HVAC system, repairing the collateral damage caused by the deteriorated system, and upgrading the emergency smoke evacuation system to be used during facility fires. Preliminary plans for this proposal were funded in the 2008 Budget Act and approved by the Public Works Board in 2010. The total estimated cost of this project is \$149 million (\$5.8 million for Preliminary Plans, \$5.4 million for Working Drawings, and \$138 million for construction). The Governor's 2014-15 budget proposal will likely include \$138 million General Fund to support the construction phase of the project.

Staff Comment. Although this project requires the commitment of substantial resources, it is necessary to ensure adequate conditions for staff and inmates (ISP housed 3,526 inmates as of November 2012) and remedy ongoing facility maintenance issues. As noted above, the Legislature has previously recognized this need through the funding of preliminary plans.

Recommendation. Approve as budgeted.

Issue 4 – Statewide Budget Packages and Advanced Planning

Governor's Proposal. The Governor's Budget proposes \$750,000 in general obligation bond funds to support workload associated with planning capital outlay projects at youth and adult correctional facilities. This workload typically consists of site assessments, environmental reviews, and the development of scope, cost, and schedule projections.

Background. The CDCR currently operates 33 adult prisons and three juvenile facilities, along with more than 40 adult or juvenile conservation camps. The range of capital outlay needs across the facilities is broad and varied. The development of well-documented and justified capital outlay requests requires the development of budget packages. Additionally, the need arises during the fiscal year to perform advance planning functions such as environmental reviews and site assessments to determine the feasibility of future capital outlay requests.

To perform these functions, the CDCR has typically been provided with a Statewide Budget Packages and Advance Planning appropriation in the annual Budget Act. Provisional language is included with this appropriation limiting it to projects that meet both of the following two criteria: 1) the project being studied has not already received funding for the Legislature, and 2) the project is being prepared for funding consideration in either of the next two state budget acts.

Recommendation. Approve as budgeted.

Issue 5 – DeWitt Nelson Correctional Annex

Governor’s Proposal. The Governor’s Budget proposes \$16.2 million General Fund and 135.4 positions for the activation of the DeWitt Annex, which would increase to \$36.6 million and 333.5 positions upon full implementation by 2014–15. This includes costs related to administrative, security, health care, and support staff, as well as the equipment and supplies necessary to operate the facility.

Background. The DeWitt Nelson Correctional Annex project is the re-purposing of the existing Division of Juvenile Justice facility previously known as the DeWitt Nelson Youth Correctional Facility to a semi-autonomous, non-licensed Adult Male Level II facility located in Stockton. The DeWitt Annex will be a part of the adjourning California Health Care Facility (CHCF) project for primary administration and support. DeWitt will use shared services from the CHCF for the materials service center, kitchen, receiving and release, and administration. All medical services provided within the Diagnostics and Treatment complex of the CHCF will also be available to the DeWitt population.

The Dewitt Annex project includes housing, programming, mental health care facilities, a medical clinic, inmate visiting and support facilities. It will contain three new celled-housing units and four renovated dorm-housing units to house the proposed inmate population. The new housing units and existing dorms will provide housing capacity for 1,133 inmates, as follows: 528 Specialized General Population, 375 Enhanced Outpatient Program (EOP), 50 EOP Administrative Segregation Unit, and 180 General Population Work Crew. These beds are primarily for CDCR inmates with health care or mental health needs and are a component of getting out from under court supervision in these areas. In November 2009, the CDCR, working collaboratively with the Federal Receiver, filed a Long-Range Integrated Strategy Plan to reduce overcrowding and provide for increased medical and mental health treatment beds. This project is part of the *Coleman* court’s long-range bed plan.

Staff Comment. Staff notes that a Spring Finance Letter adjusts funding and resources for the DeWitt Annex based on a scope change to the perimeter fence. This adjustment is reflected in the next item (Issue 6).

Recommendation. Approve as budgeted.

Issue 6 – California Health Care Facility

Governor’s Proposal. The Governor’s Budget proposes \$2.3 million (\$1.9 million ongoing) General Fund and 76.7 positions to support the ongoing operation of the California Health Care Facility (CHCF).

Spring Finance Letter. A Spring Finance Letter proposes a reduction of \$137,000 and 1.8 positions (\$701,000 and 7 positions ongoing) to account for operational savings associated with a scope change to construct one electrified fence for CHCF and the DeWitt Annex, and to provide a warden and executive assistant to oversee operations at CHCF.

Background.

Governor’s Budget. In November 2009, the CDCR, working collaboratively with the Federal Receiver, filed a Long-Range Integrated Strategy Plan to reduce overcrowding and provide for increased medical and mental health treatment beds. Construction of the CHCF was included in the long-range plan and is key to ultimately satisfying both the *Coleman* (mental health) and *Plata* (medical) courts.

The CHCF is currently under construction with intake of inmates scheduled for July 22nd of this year. The facility will include 1,722 beds of all security levels and will provide all necessary support and rehabilitation program spaces. CHCF establishes specialized housing with necessary health care treatment for a population of seriously and chronically, medically and mentally ill inmates. Funding for CHCF was approved in the 2011 and 2012 budget acts. This proposal includes adjustments based on continued evaluation of operating needs.

Spring Finance Letter. In the planning stages of CHCF, there has been uncertainty regarding overall responsibility for the facility. In March of 2012, it was determined that the facility would have a chief executive officer responsible for both health care and custody functions. As the activation has grown closer, it has been determined that a warden is necessary for the institution to effectively operate. This will allow the CHCF to have the same management structure as all other institutions and ensure that the appropriate level of oversight is in place for the custody side of operations.

Funding and positions in the Governor’s Budget DeWitt Annex request assumed that the facility would have a separate perimeter fence. This would have required resources to manage the transfer process between the DeWitt facility and CHCF, where a lot of medical services will be delivered to those inmates. It has since been determined that a single perimeter fence will result in operational and fiscal efficiencies. The scope change was submitted to the Joint Legislative Budget Committee, which did not object, and, subsequently, approved by the State Publics Works Board in February of this year. With the fence combined to enclose the two facilities, the project is able to remove 9 Correctional Officers.

Recommendation. Approve both the Governor's Budget proposal and Spring Finance Letter.

Issue 7 – Medication Management Nursing Staff

Governor's Proposal. The Governor's Budget proposes \$15 million General Fund to make the 211 temporary nursing positions permanent.

Background. In 2010-11, the Legislature approved 237 permanent nursing positions in prisons to distribute medication to inmates in a more efficient manner, including 70 positions initially approved for other purposes that were later redirected to medication distribution. Subsequently, the 2012-13 budget provided an additional 211 positions on a two-year limited-termed basis, for a total of 448 nursing positions related to medication distribution.

At the time the above positions were requested, the Receiver's office indicated that the additional nursing positions were needed to reduce the use of overtime and registry nurses, which generally are more expensive than using department staff. The Receiver reported that it spent about \$51 million in 2009-10 on overtime and registry for nurses responsible for distributing medications to inmates and that providing additional positions would result in overtime and registry savings that would more than offset the cost of the new positions. According to the Receiver, reducing the reliance on registry staff can also improve the quality of care provided to inmates. This is because registry staff are generally less familiar with CDCR processes and procedures than state employees and are less likely to be invested in meeting performance standards due to their temporary status.

The 211 positions approved in 2011-12 were limited to a two-year term for a couple of reasons. First, the Receiver was still gathering data to determine whether the nurses hired in 2010-11 were reducing the use of overtime and registry nurses. Second, the ongoing need for nursing staff had not been determined because the Receiver was implementing several operational changes with the potential to effect both the overall number of medication distribution nurses needed statewide and how these nurses are allocated among the state's prisons. These changes included the activation of new medical facilities (such as the CHCF and the Dewitt Annex in Stockton) and the consolidation of "medically complex" inmates, those with chronic medical treatment needs, at certain prisons with more medical clinic space and staff (often referred to as medical care "hubs").

The Receiver has now determined that the additional positions have reduced the use of overtime and registry nurses and should be continued on a permanent basis to avoid future increases in the usage of such staff. In addition, the Receiver indicates that the additional positions have improved the quality of medical care provided to inmates.

Legislative Analyst Office (LAO). The LAO has raised a concern that the future need for these positions is unclear. According to the LAO, the Receiver's ongoing medication distribution workload, and thus the future need for the 211 nursing positions, remains unclear and data provided by the Receiver indicates that the medication distribution workload is declining. The LAO points out that between May 2009 and the first quarter of the 2012-13 fiscal year, the number of medications distributed to inmates by nursing staff declined about 20 percent (from 84,000 to 67,000 per month). The declining workload appears to be driven primarily by two factors. First, the number of prescriptions written per inmate has decreased from 3.9 in June 2009 to 3.7 in December 2012. Second, the prison population decreased by about 31,000 inmates over the same period. This includes a decline of about 2,000 mentally ill inmates who generally receive more medications than other inmates. As a result, changes in the mentally ill inmate population have a relatively greater impact on medication distribution workload.

The LAO also points out that, in addition to the declining workload, several of the Receiver's major initiatives that could potentially impact the need for medication distribution nurses remain incomplete. For example, the CHCF and Dewitt facilities are not yet activated. In addition, the Receiver reports that the consolidation of medically complex inmates at medical hubs is only about halfway complete and will not be finished for a couple of years. These changes will involve the transfer of thousands of medically complex inmates, many of whom require multiple medications, throughout the prison system. As the Receiver reallocates nursing staff among prisons to deliver medication to these inmates, there may be opportunities for the Receiver to achieve efficiencies that would decrease the overall staffing need.

According to the Receiver's office, the reduction in workload to date has not been accompanied by a commensurate reduction in staffing. This is because of the way the office has allocated staff among prisons and among yards within prisons.

Moreover, the Receiver claims that, in the future, the new staffing methodology will make annual adjustments to nursing staff levels to account for reductions in the inmate population and future operational changes. However, it is impossible to evaluate this claim because the Receiver has not provided any details on the new staffing methodology.

Finally, the LAO has pointed out that, in 2012, the Receiver's office provided notice of the development of a new staffing methodology for inmate medical services. According to the Receiver, the new methodology will allocate staff among prisons based on the amount and types of medical services provided at each location. The new methodology is expected to result in staffing reductions and fiscal savings.

In order to monitor the Receiver's progress in implementing the new staffing methodology, the 2012 Budget Act required the Receiver to report on the methodology not later than 30 days following its approval by the Department of Finance. The Receiver's office is in the process of implementing this new staffing methodology and reported to the LAO that over 800 positions are being eliminated. However, the

Receiver has not provided the report required by the 2012 Budget Act or any other detail regarding the new staffing methodology.

Staff Comment. It is concerning that the Receiver is making significant staffing adjustments without providing detail to the Legislature. The Receiver's new staffing plan includes the positions contained in this proposal. Without the detail of this plan, it is difficult to assess the actual medication management staffing need. However, the Receiver has reported that these positions have been cost neutral because they have reduced expenditures on overtime and registry by approximately \$32 million and the positions have improved the quality of care.

In the last couple of years, the state has made significant progress in improving the provision of inmate medical care. Public safety realignment has contributed to addressing the biggest impediment identified by the court (overcrowding), the Office of Inspector General's inspections have shown improvements in most areas of care, and numerous facility and technology improvements have been made or are in progress (including the two new Stockton facilities discussed in previous items of this agenda). Notwithstanding the concerns raised with this proposal, it is critical that the state continue to take steps that will ultimately result in ending federal court oversight of inmate medical care.

Recommendation. Approve as budgeted.

CALIFORNIA DEPARTMENT OF JUSTICE (0820)

Departmental Overview. The constitutional office of the Attorney General, as chief law officer of the state, has the responsibility to see that the laws of California are uniformly and adequately enforced. This responsibility is fulfilled through the diverse programs of the Department of Justice (DOJ).

The DOJ is responsible for providing skillful and efficient legal services on behalf of the people of California. The Attorney General represents the people in all matters before the Appellate and Supreme Courts of California and the United States; serves as legal counsel to state officers, boards, commissioners and departments; represents the people in actions to protect the environment and to enforce consumer, antitrust, and civil laws; and assist district attorneys in the administration of justice. The DOJ also provides oversight, enforcement, education and regulation of California's firearms/dangerous weapons laws; provides evaluation and analysis of physical evidence; regulates legal gambling activities in California; supports the telecommunications and data processing needs of the California criminal justice community; and pursues projects designed to protect the people of California from fraudulent, unfair, and illegal activities.

Budget Overview. The Governor's 2013-14 Budget proposes \$723.38 million (\$174.2 million General Fund) and 4,713.3 personnel years.

Expenditures

Program	2011-12	2012-13	2013-14
Directorate and Administration	\$85.10	\$90.03	\$91.32
Legal Services	\$371.71	\$397.57	\$375.59
Law Enforcement	\$187.54	\$191.46	\$187.75
California Justice Information Services	\$141.67	\$156.22	\$158.03
Totals	\$585.17	\$727.75	\$723.38
Personnel Years	4351.8	4698.3	4713.3

Issue 1 – GRP2 Gambling Control Commission

Governor’s Budget Request. The Gambling Control Bureau, within the DOJ, is requesting authority for \$4.778 million and 33 positions that are set to be transferred from the Gambling Control Commission (Commission), on July 1, 2013.

Background. The Governor’s Reorganization Plan Number 2 moved some activities related to gaming regulation from the independent Commission to the Gambling Control Bureau within the DOJ. Support, auditing and some licensing functions currently performed by the Commission will be transferred to the DOJ. The Commission will retain its role as a policy-making entity and also will retain its responsibility for the establishment of regulations, license approval, and monitoring revenues to the funds for which it is responsible.

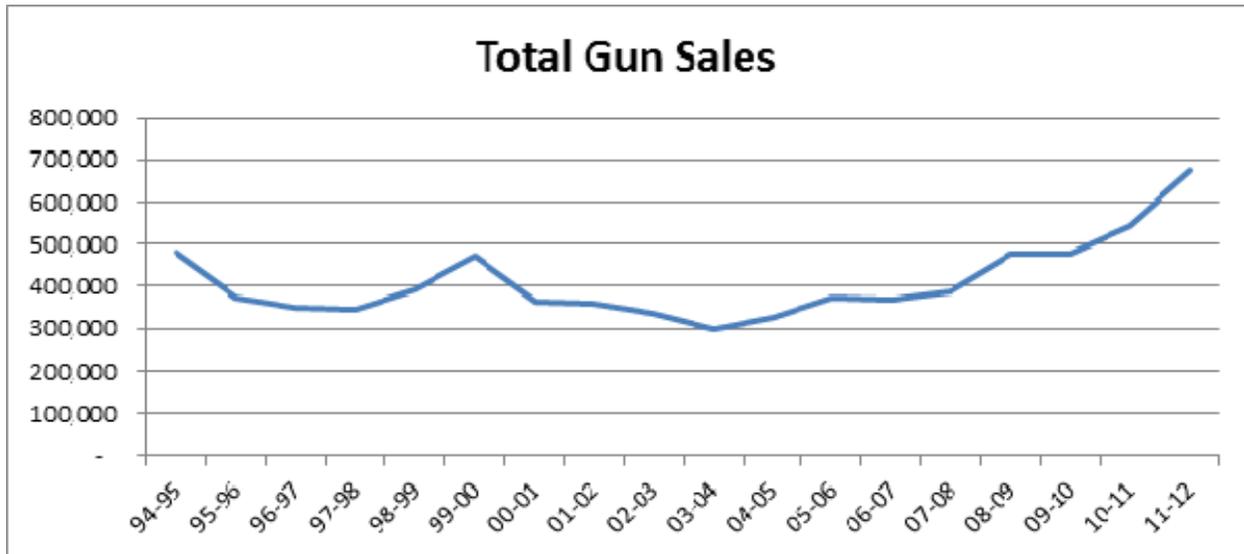
Effective July 1, 2013 the Gambling Control Bureau (Bureau) within the DOJ will assume responsibility for the following job functions that have been performed by the Gambling Control Commission; Compliance, Licensing and certain functions performed by the Legal Division. The Compliance Division has responsibilities associated with the compacts and executive orders and monitors tribal compliance with the compacts’ obligations for implementing gaming operations. Within the Compliance Division there is a Tribal Audits Team that regularly performs audits to ensure that required contributions are made in accordance with the terms of the compacts. The Compliance Division also included a Technical Inspection Program that conducts field testing of electronic gaming devices regularly and a support team that maintains tribal information in the Licensing Information System. The Bureau will also assume responsibility over the Licensing Division which is responsible the receipt and processing of all applications for licenses and licensing-related documents and legal responsibility for the review of purchase agreements, loan transactions, transfer of shares, and processing registrations.

Staff Recommendation: Approve request to increase the DOJ budget as it is consistent with the reorganization plan enacted in 2012-13, and adopt conforming BCP submitted by the Gambling Control Commission.

Issue 2 – Dealers’ Record of Sale Workload Increase

Governor’s Budget Request. The Governor’s 2013-14 Budget requests a 2-year increase of \$2.512 million in Dealers’ Record of Sale (DRoS) Special Account spending authority to fund 20.0 limited-term positions in order to conduct firearms eligibility background checks within California’s statutorily mandated ten day period. The positions will be redirected within the Division of Law Enforcement (DLE).

Background. In accordance with Penal Code Section § 26815, the DOJ, Bureau of Firearms is required to process eligibility checks within ten days before a firearm is delivered to the purchaser. According to the DOJ, there has been an increasing number of gun purchases since Fiscal Year 2003-04. The chart below displays the increase in gun sales according to the DOJ.



The Bureau of Firearms currently has 13 Criminal Identification Specialist's (CIS) assigned to analyze criminal history and other firearms eligibility-related records to determine the eligibility of an individual. According to the DOJ, CIS personnel have worked nearly 10,000 hours of overtime on DROS to ensure that they are able to meet the legislatively mandated 10 day timeframe.

The DOJ is requesting that authority for 20.0 two-year limited-term positions be authorized. Specifically, the department is asking for 1.0 CIS III, 18.0 CIS II's, and 1.0 Program Technician. The Program Technician will be responsible for the majority of communications with either the court or district attorney when necessary.

Additionally, the DOJ uses an outside vendor to support the collection, validation and forwarding the pertinent DROS-related data from one of the approximately 1,700 gun dealers that utilize DROS. The DOJ has authorized funding that would allow for 400,000 DROS transactions, but the department projects a need closer to one million total transactions. The DOJ intends on ending the contract with the vendor on December 31, 2013 and managing the data internally at a much cheaper rate (\$3.53 vs. \$0.83), but the funding will still be deficient. The department has calculated that a one-time increase of \$894,017 dollars would be necessary to fund the remaining DROS transactions that are to be done internally.

Staff Comment: There clearly is a need to ensure that the department is adequately resourced and capable of meeting statutory mandates that ensure a ten-day waiting period for eligibility background checks. Staff has no issue with this request.

Staff Recommendation: Approve as budgeted.

Issue 3 – Dealers Record of Sale Customer Support Center

Governor’s Budget Request: The Governor’s 2013-14 Budget requests a permanent increase of \$659,000 in (Dealers Record of Sale) DROS special account authority to fund 7.0 positions to establish a DROS Entry System Customer Support Center.

Background. Since 1997, the DOJ has relied on a vendor (Verizon Business Services) to administer the DROS Entry System (DES). Firearms dealers have been using the DES to transact all statewide sales and/or transfers of firearms. The DES collects the necessary data, remits the \$25 transaction fee, and forwards the the application information to the DOJ. Additionally, the vendor operates a customer support center that addressed DROS billing and submission inquiries seven days a week. The DOJ currently pays the vendor \$3.53 for each firearm transaction processed via the DES.

Beginning January 1, 2014, the DOJ will no longer be in contract with Verizon Business Services. In 2011, Verizon Business Services notified the DOJ that they were no longer interested in administering the DES and that they intended on letting the contract expire on December 31, 2013. The DOJ will assume all responsibilities associated with the management of DES, including the customer support center.

Staff Comment: Staff does not have any concerns with this request.

Staff Recommendation: Approve as budgeted.

Issue 4 – Pawnbrokers and Secondhand Dealers Fund

Spring Finance Letter: The Administration has submitted a Spring Finance Letter requesting a one-time appropriation of \$1.31 million (Secondhand Dealer and Pawnbroker’s Account) to develop a single, statewide uniform electronic reporting system. Additionally, the Attorney General’s office is requesting ongoing authority of \$497,000 from the Secondhand Dealers and Pawnbrokers fund and authority for three positions to maintain the new system as per AB 391 (Chapter 172, Statutes of 2012).

Background. Per statute, pawnbrokers must complete a DOJ form (DOJ Form JUS-123) for every pawn or secondhand dealer purchase transaction. This form includes information regarding the item being either sold or pawned and the individual either pawning or purchasing the item. Prior action taken by the Legislature has mandated that the DOJ develop a single, statewide, uniform electronic reporting system to be used to enter secondhand dealer reports, and to make this information available to law enforcement entities. The funding for this system will be drawn from a \$300 increase to the biennial application and renewal fees currently being paid by pawnbrokers and secondhand dealers.

According to the DOJ, ongoing costs associated with this request will be \$497,000 for the maintenance of the system. According to DOJ calculations, the fund will generate \$720,000 annually, which will be sufficient to ensure there is adequate funding to pay for maintenance and the current costs associated with the processing of applications.

Staff Comment: Staff does not have any concerns with this request.

Staff Recommendation: Approve as budgeted.

Issue 5 – Data Sharing Working Group

Background. The DOJ's Criminal Justice Statistics Center (CJSC) is responsible for the collection, analysis, and development of statistical reports which provide valid measures of crime and the criminal justice process in California. The primary goal of the CJSC is to provide key decision-makers at the state and local level with accurate data through a variety of publications and services.

Currently, the DOJ lacks an information system that has the capacity to share uniform data across multiple jurisdictions at the local level. Conversely, most local entities do not input data in the same fashion which has limited their ability to provide data with another jurisdiction. The need for uniform data to be shared across multiple jurisdictions became more pressing after the passage of SB 92 (Chapter 36, Statutes of 2011). To address this, the DOJ has taken the lead with key stakeholders to determine if there is a more uniform method in which the data can be conveyed. The intent of the group is to develop a statewide data-sharing mechanism that can capture more informative data.

Staff Comment. This item is informational and included for discussion purposes.

Issue 6 – Controlled Substance Utilization and Review System (CURES)

Background. The DOJ maintains the Controlled Substance Utilization and Review System (CURES), an electronic database of prescription drugs issued by doctors. In 1996, the Legislature initiated the development of the CURES system in an attempt to identify solutions addressed while utilizing an antiquated system of triplicate copying.

The implementation of CURES represented a significant improvement over the state's prior utilization of a triplicate copying system, however, it did not address the need for providing healthcare practitioners and pharmacists with access to timely information to proactively diminish and deter the use of controlled substances. To address this issue with CURES, the DOJ initiated the Prescription Drug Monitoring Program (PDMP), which allows prescribers and dispensers to access data at the point of care. The PDMP system is utilized by the DOJ to collect and store data on the prescription of controlled substances (Schedule II through Schedule IV). State law mandates that the DOJ assist law enforcement and regulatory agencies with the diversion and resultant abuse of controlled substances.

The California Budget Act of 2011 eliminated all General Fund support of CURES/PDMP, which included funding for system support, staff support and related operating expenses. To perform the minimum critical functions and to avoid shutting down the program, the department opted to assign five staff to perform temporary dual job assignments on a part-time basis.

In accordance with Health and Safety Code §11165(a), the DOJ is under contract with five healing arts boards; Nursing Board, Dental Board, Medical Board, Pharmacy Board, and the Osteopathic Medical Board. The 2012-13 budget provided the DOJ with \$296,000 to manage the CURES program. Funding to support the program is derived from fees assessed on the boards, which support the operation and maintenance costs of the CURES program at the DOJ. The DOJ also has approximately \$550,000 in grant funds that can be used on CURES. However, similar to the funding derived from the healing arts boards, the grant funding can only be used to support the operation and maintenance of the program. DOJ has expressed an interest in utilizing the \$550,000 in grant funds currently available to modernize the Prescription Drug Monitoring Program, which may offset the overall cost of any upgrades.

Staff Comment. Currently, the DOJ is redirecting resources to support the operation of CURES/PDMP. The redirection is not sustainable for the long term. A long-term funding source has not been identified for either program, and the available funding sources provide funding only for the operation and maintenance of the program, not support staff that would be required to manage the program.

According to the DOJ, modernization costs will be approximately \$2.09 million for PDMP. The PDMP modernization would occur over a two-year period, and the costs

associated with maintaining the current system while the modernization occurs would be \$1.8 million. Total modernization costs would be approximately \$3.8 million. The DOJ estimates that ongoing costs associated with PDMP will be \$700,000.

The current PDMP system is significantly underutilized by practitioners. The DOJ estimates that only 3.6 percent of licensed prescribers are utilizing the system in the state. However, it is worth noting that the DOJ does not believe that the current software platform could accommodate the additional 236,000 registrants that are in the state.

This item is informational and included for discussion purposes.